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ADMINISTRATION

THE ART AND SCIENCE
OF ORGANIZATION AND MANAGEMENT



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PREFACE

THIS BOOK deals with a field of human experience known as *administration*. Administration is sometimes referred to by specialized words such as *management* or *organization*, by particular terms such as executive work, or by general concepts such as *public administration*. Regardless of the name or nature of this supposedly new science, it is an art and technique which reaches far back into the experience of civilized man. For this reason, we include in this book ideas about administration presented by many authorities ranging from Aristotle and Socrates to Wilson and Stalin. Also included are the contributions of some three hundred other writers less renowned but no less convincing as to the importance of administration and its related subjects of management and organization.

The book does not undertake to present all the latest data about the art of large-scale administration, or every up-to-date technique of management, or the last word on the science of organization. The aim is rather to help the reader, whether he be a specialized student or an interested citizen, to realize that administration has long been practiced as an art, science, and vocation; to help him understand the important role of administrative machinery in social, economic, and political affairs; to develop an appreciation of sound and tested administrative methods, managerial techniques, and organizational devices; to aid in recognizing unsound administrative practices; and

finally, to help some readers discover whether they themselves are interested in pursuing an administrative or executive career

I do not agree, any more than will the reader, with everything said by the practitioners and professors of administration who are so extensively quoted in this book. Indeed, some of the readings presented here may be challenged as partially incorrect, and in some cases as mutually inconsistent. The material has been compiled in its present form solely because over a period of fifteen years of teaching and practice in the field of administration, I have found it effective in clarifying an otherwise intricate subject.

The contents of this book have been gleaned from a wide range of classical and historical sources as well as from contemporary experience and empirical knowledge. All of the readings are quotations from original sources, adaptations or translations are so indicated.

The selection and sequence of the readings have undergone several revisions based upon their use in the classroom. In the last few years, I have used the readings in several university courses in public administration, and a few of my colleagues have similarly used the readings. I hope the book has been enriched as a result of this classroom experience. Selected graduate students in my seminar courses have given the material careful study and thorough criticism and have helped me select some of the quotations. I am also indebted to the many authors and publishers who willingly gave permission to quote from their works.

The project was completed while I was both teaching in the Department of Political Science at the University of Alabama and carrying on research as a member of the University's Bureau of Public Administration. Simultaneously, I was acting as Educational Director to the Southern Regional Training Program, an educational experiment in the field of public administration involving the Universities of Alabama, Kentucky, and Tennessee, as well as state, local, and federal agencies in the Southern region, such as the Tennessee Valley Authority. I am greatly indebted to the staff members of these institutions. The work could hardly have been brought to fruition at this time without the encouragement of Professor Roscoe C. Martin, Head of the Department of Political Science at the University of Alabama, Director of the Bureau of Public Administration, and Chairman of the Committee which administers the Southern Regional Training Program.

I also wish to acknowledge the stimulus of my colleagues at other

institutions, particularly the University of Chicago and the Public Administration Clearing House. Professor Leonard D. White of the former institution, Louis Brownlow of the latter, and Charles Merriam of both, inspired my work from the outset. I am also mindful of the enlightenment, often unintended but nevertheless genuine, contributed by the many public officials and employees—American and foreign, national, regional, state, and local—with whom I have worked in the past. Professor V. O. Key, Jr., of the Johns Hopkins University, gave a thorough reading to the manuscript and offered many helpful suggestions. The assistance of my wife, Rosalind Almond Lepawsky, in compiling the manuscript was invaluable.

ALBERT LEPAWSKY

Tuscaloosa, Alabama

ACKNOWLEDGMENT

AFTER THIS COLLECTION was originally compiled, there were certain gaps that had to be filled by further research. I knew the kind of material I was looking for in order to complete the collection, but except for a few obvious cases I had no way of discovering who had written the readings I wanted, nor any assurance that they had been produced at all. As I was trying to break new ground there were few standard categories and no indexes I could appeal to. The research therefore had to take the proverbial form of searching for a needle in a haystack. It would have been a prohibitive task had I not had the genuine interest and fine help of many graduate students and assistants. A still larger number of students were asked to utilize the material before final inclusion in the collection as part of their training and also as a means of testing the pedagogical value of the readings themselves.

In all of these efforts the following participated: Virginia Ashcraft, Peter Bersano, Mary Blagg, Robert Boston, Frances Brashears, John Boyne, Hayward Cameron, Mary Crawley, Hoyt Crider, Francis Day, John Dorsey, Elliot Falk, John Fenton, Edith Foster, Catherine Fox, Burton Friedman, Daniel Grant, Waldo Haines, John Haltom, Ralph Hammond, Anna Hatton, Edward Hobbs, Erin Hubbert, Paul Jenkins, Kathleen Johnson, Luther Johnson, Leon Joyner, Mary King, Hugh LeBlanc, Charles McBurney, Caroline McClurkin, John McConnell, Howard McCormick, Robert Mac-

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ADMINISTRATION

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THE SIGNIFICANCE OF ADMINISTRATION

ADMINISTRATION, like other fields of knowledge, may be defined in various ways, but there is wide agreement on the following aspects of the subject: (1) Certain established practices and techniques in society are recognized as constituting the field of administration or management. (2) These administrative practices and managerial techniques enable the various organizations of a society—its governments and business enterprises, its social clubs and labor unions—to fulfill their responsibilities and to execute their programs. (3) These administrative techniques are as significant a part of the end result as the actual programs to be carried out.

Although most persons would admit that social ends are dependent upon administrative means, some insist that the techniques of administration are minor as compared with the human objectives involved. They therefore ask: "Why concern ourselves with the methods of administration and management, if we are trying to manage the wrong things or administer for the wrong ends?" Still others ask: "Of what use is it to over-emphasize human ends or to struggle with social programs if we neglect the means whereby all ends are attained and ignore the techniques necessary to administer any program?"

In answer to these questions, contributions will be studied in this chapter from the following men who have given penetrating thought to the subject: 1) Henri Fayol, a French engineer and industrialist, writing in 1916; 2) Paul Pigors, an American sociologist interested in social psychology, 1935; 3) Brooks Adams, an American lawyer and historian, 1913; 4) James Burnham, an American political philosopher, 1941; 5) Charles E. Merriam, an American political scientist, 1945; and 6) Charles A. Beard, an American historian, 1941.

The choice of these authorities and the order in which they are presented is not necessarily meant to reflect favorably upon one point of view or another. The sequence selected here is intended merely to clarify, compare, and contrast the experience and ideas of some of the more challenging thinkers who have observed the administrative process and have written on its significance.

1 THE UNIVERSAL IMPORTANCE OF ADMINISTRATION

The twentieth century has yet to produce as balanced a combination of able practitioner and keen student of administration as Henri Fayol. Born in 1841, Fayol was graduated at the age of nineteen from the well known French school of mines at St. Etienne. Although he went to work directly as an engineer for the powerful mining and metallurgical firm of Commentry Fourchambault, remained with that firm for the rest of his life, and ultimately became its head, his main contribution lay in his scientific work in the field he called "general administration." One motive for Fayol's vigorous defense of administration as a subject for serious scientific study was the fact that he saw France, in the period between the Franco-Prussian War and World War I, disintegrating for lack of administrative ability and managerial efficiency. Hoping to make sounder administrative practices available to French civil and military agencies, he fostered the "Center of Studies in Administration" in Paris, as a kind of French Public Administration Clearing House. Fayol was one of the principal consultants to the French government during the crisis period of World War I and a leading participant in the International Congress of Administrative Sciences. Despite his conservative views about French politics, he was in complete agreement on questions of governmental organization with the rising French socialist of those days, Leon Blum, who, as Prime Minister, was later to try out some of the administrative ideas they both held in common. This is, as we shall see, but one of several such instances of agreement on administrative matters among political opposites, an instance which helps to establish the view Fayol insisted upon, namely, that administration is a subject of universal importance.

HENRI FAYOL

*Industrial and General Administration*¹

Every employee in an undertaking—workman, foreman, shop manager, head of division, head of department, manager, and if it is a

¹ Henri Fayol *Industrial and General Administration*. Adapted from pp. 10-12, 15-17, 54-60, 61, 68-80. Translated by J. A. Coubrough for the International Man-

state enterprise the series extends to the minister or head of a state department—takes a larger or smaller share in the work of administration, and has, therefore, to use and display his administrative faculties. By administrative knowledge we mean planning, organization, command, co-ordination, and control: it can be elementary for the workman, but must be very wide in the case of employees of high rank, especially managers of big concerns. Everyone has some need of administrative knowledge.

The differences between the qualities and knowledge required by the manager of a big undertaking even if he is the head of a State, and those required by a craftsman, are differences only of degree. Out of a hundred hours spent by the workman in a big industrial undertaking, only a few are taken up by administrative questions—such things as sundry information passed on to the foreman, discussions about wages or the hours or arrangements of work, time given to meetings of sick funds, societies, etc. The foreman receives and transmits the results of the workman's observations; receives, transmits and sees to the carrying out of orders; makes observations himself and gives advice; and clearly gives more time to administration. The time taken up by administrative questions increases with the employee's level in the industrial hierarchy, and even the ordinary engineer is closely concerned with the problems of order, foresight, discipline, organization, and the selection and training of workmen and foremen. This may seem rather surprising, but the explanation is quite simple; the manager of a metallurgical division, for instance, which consists of blast furnaces, steel works, rolling mills, etc., has for many years been concerned with metallurgy. But all the details which he learned at school about mines, railways, construction work, etc., are no longer more than vaguely useful to him, while the handling of men, order and planning, in a word all the elements of administration, are constantly claiming his attention. The general manager has to consider in addition to these, the commercial and financial problems, State regulations, etc.

The elements which make up the values of an important manager or State official are the same as those found in the least important employee, but they are combined in different proportions. The coefficients I have assigned to the various characteristics of each grade of employees express my personal opinion; they are therefore open to criticism, and I am quite sure that they will be challenged; but I believe that, whatever alterations may be made in these coefficients, the following conclusions will hold good: Technical ability or the special ability appertaining to the function is the chief characteristic of the lower employees of a big undertaking and the heads of small industrial concerns; administrative ability is the chief characteristic of all the men in important positions. Technical ability is the most important quality at the bottom of the industrial ladder and administrative ability at the top. A workman's chief characteristic is

technical ability. As we go up the scale, the relative importance of administrative ability increases, whilst that of technical ability becomes less. The chief characteristic of a manager is administrative ability, and as we go further up the scale, this characteristic predominates to an ever greater extent.

The absolute importance and proportions of these elements differ so much in the values of the two classes that at first sight it is difficult to realize that they are the same. It is advisable for me to point out that I am not trying to compare the value of a workman with that of a foreman or manager, there is nothing in common between the different values. The units are not of the same kind or of the same importance, the element of which they are composed changes in going from one rank to another. I have simply tried to express [in the following table] the relative importance of the various abilities which make up the total value of any particular grade of employee.

	ADMINISTRATIVE ABILITIES OF PLANNING OR ORGANIZATION COMMAND AND COORDINATION CONTROL	OTHER MANAGE- MENT ABILITIES, INCLUDING COM- MERCIAL FINAN- CIAL CUSTODIAL, ACCOUNTING	TECHNICAL OR SPECIAL ABILI- TIES APPEAR- ING IN THE PERFORMANCE OF PARTICULAR FUNCTION
STAFF OF BIG ESTABLISHMENTS			
Workman	5%	10%	85%
Foreman	15%	25%	60%
Shop Manager	25%	30%	45%
Department Head	35%	35%	30%
Plant Manager	40%	45%	15%
General Manager	50%	40%	10%
HEADS OF VARIOUS SIZED FIRMS			
Small Firm	25%	45%	30%
Large Firm	40%	45%	15%
Very Large Firm	50%	40%	10%
HEADS OF STATE ESTABLISHMENTS			
Ministry	50%	40%	10%
State Department	60%	32%	8%

The manager must never be lacking in knowledge of the special profession which is characteristic of the undertaking: the technical profession in industry, commercial in commerce, political in the State, military in the Army, religious in the Church, medical in the hospital, teaching in the school, etc. The technical function has long been given the degree of importance which is its due, and of which we must not deprive it, but the technical function by itself cannot endure the successful running of a business, it needs the help of the other essential functions and particularly of that of administration. This fact is so important from the

point of view of the organization and management of a business that I do not mind how often I repeat it in order that it may be fully realized.

An examination of the characteristics required by the employees and heads of undertakings of every kind leads to the same conclusions as the foregoing study, which was confined largely to industrial concerns. In the home and in affairs of State, the need for administrative ability is proportional to the importance of the undertaking. Like every other undertaking, the home requires administration, that is to say planning, organization, command, coordination and control. Nothing but a theory of administration, which can be taught and then discussed by everybody; can put an end to the general uncertainty as to proper methods, which exists in the isolation of our households. There is therefore a universal need for a knowledge of administration.

Although Fayol was one of the first writers to state administrative propositions in such broad and scientific terms, his views on the universal importance of administration were not entirely new. A review of the history of administration shows that a common administrative, managerial, or business skill for the various professions has been recognized for centuries.² During the present century, experts in industrial and business administration as well as in civil and military administration have tried to do in the United States and in other nations what Fayol did in France to establish administration as a universal art.³

Some, however, have expressed doubt about the extent to which administration can be regarded as a specialty separable from the technical or subject-matter field with which one happens to be dealing. For example, Professor Lewis Meriam of Brookings Institution, an experienced Federal civil servant, argued that administrators should be primarily subject-matter specialists because "the differences between administrative positions are . . . of more practical significance than their similarities."⁴ Professor of Business Administration Dan Throop Smith of Harvard University also warned: "We usually think of an individual doing administrative work not as an administrator, but as a businessman, an Army officer, or a civil servant. More

² See Chapter 4. See also such nineteenth-century essayists as John Ruskin: "Unto This Last." *The Cornhill Magazine*, August 1860, vol. 2, p. 163. James W. Gilbert: "The History and Principles of Ancient Commerce." *The Merchants' Magazine*, September 1848, vol. 19, p. 257.

³ Edward D. Jones: "The Relation of Education to Industrial Efficiency: The Study of the General Principles of Administration." *American Economic Review*, March 1915, vol. 5, p. 216. Arthur G. Coons: "Management's Professional Responsibilities," *Advanced Management*, Dec. 1946, vol. 11, p. 142. Brehon Somervell: "Management." *Public Administration Review*, Autumn 1944, vol. 4, p. 257.

⁴ Lewis Meriam: *Public Service and Special Training*. Chicago: The University of Chicago Press; 1936, p. 15.

specifically, we think of him, if he is a businessman, as a merchant, a production man, a sales manager, or a financial expert, while the Army officer may be a company commander, a staff officer, or a tactician, and the civil servant, a diplomat, a postmaster, or a revenue collector. It is true that all of these jobs involve administration, yet each of them is intimately bound up with a more or less specialized subject matter and it does not follow that a good production man will make a good diplomat or company commander."

Dan Throop Smith, however, concludes that "although good administrators are not necessarily interchangeable, there appear to be certain recurring aspects of administrative work to which attention may be profitably directed." Most experts in the study of private administration or industrial management are beginning to agree more and more with the British writer Oliver Sheldon that "industry shares a need common to every social enterprise from church to guild, municipality to empire, war to university." The idea that the administrative process is a universal one is even more widely accepted by writers in the field of public administration. With few exceptions, they agree with Professor Leonard D. White of the University of Chicago, who regards public administration as merely "a special case of the larger category, administration, a process which is common to all organized human effort and which is highly developed in modern corporate business, in the church, in the Red Cross, in education, and in international bodies, public and private."

We see, therefore, a general acceptance of Henri Fayol's thesis of the universality of the administrative process. Not all these writers accept Fayol's allocation of such high percentages of significance to the administrative or managerial skills as compared with the technical or special subject matter skills. However, authorities and experienced men of affairs are increasingly struck, as was Fayol, with the appearance of common administrative factors and recurring managerial problems in our social, economic, and political organizations.



2 THE STABILIZING ROLE OF ADMINISTRATION IN SOCIETY

While all these writers agree about the importance of administration, there are differences of opinion about the degree of importance of administration. Is administration one of the major influ

¹ Dan Throop Smith, *Education for Administration*, Harvard Business Review, Spring 1945, vol. 23, p. 360.

² Oliver Sheldon, *Philosophy of Management*, London: Isaac Pitman and Sons, 1930, p. 33.

³ Leonard D. White, *Introduction to the Study of Public Administration*, New York: The Macmillan Company, 1939, pp. 3-4.

ences in the readjustment of our society or does it have the task only of stabilizing social institutions? Professor Paul Pigors of the Massachusetts Institute of Technology, who is quoted below, feels that a primary function of administration is that of stabilizing social institutions. Interested not only in the leadership function of society's managers but also in the "followership" role of both the administrators and the "administered,"⁸ industrial psychologists like Pigors have shown an abiding interest in administration as a means of keeping society in balance while its institutions are at the same time undergoing a process of change and adjustment.

PAUL PIGORS

Leadership or Domination⁹

How did the innovations of yesterday become the institutions of today? An idea does not institutionalize itself. It has to be organized. When the initiator has proposed a plan and inspired a group of followers with the desire to pursue it, he must devise a way in which their joint purpose can be realized. It is this process of organization and management which I call administration. No group movement endures without it. The administrator just sets up a structure of laws, rules, mechanisms, that is designed to accomplish a specific purpose and then directs the working of all its constituent elements, so that an institution is comparable to a machine with standard parts. Each part is designed to perform a specialized purpose to which it is adapted. It is replaceable, and the demand is not so much for individuals with creative imagination as for trained functionaries with suitable abilities. Every part of the machine conforms to a standard pattern and professional schools or colleges turn out candidates to replace those who drop out of active service. In this way institutions are maintained from year to year. They aim at that balance between energy expended and results achieved, which we call efficiency.

The administrative function, therefore, insures the continuance of the existing order with a minimum of effort and risk. Its fundamental aim is to "carry on" rather than to venture along new and untried paths. Administrators are, therefore, the stabilizers of society and the guardians of tradition. They are stabilizers in both a positive and a negative sense, for not only do they make possible the continuance of the ideas which they convert into institutions: they also frustrate many innovations to which they deny their support. With the weight of their authority they

⁸ Paul Pigors: "Types of Followers," *Journal of Social Psychology*, May 1934, vol. 5, pp. 378-383. Harlow S. Person: "The Call for Leadership," *Bulletin of the Taylor Society*, April 1933, vol. 18, p. 42.

⁹ Paul Pigors: *Leadership or Domination*, selected from pp. 264-8. Reprinted by permission of Houghton Mifflin Company. Copyright 1935, Houghton Mifflin Company.

confront every attempt to initiate a new development, and test it with a view to its effect on established interests. They resist change and slow down the rate of experimentation so that the main body of society can keep pace with it. The ponderous social machinery which is so irritating to the impulsive initiator is thus a safeguard against sudden changes which paralyze the less adaptable members of society and which would result in chaos if subjected to no check.

The administrative function comes easily to conservatives for the principal requirement of administration is unquestioning conformity to the standards embodied by the particular institution.

Pigors did assign to the administrative leader the additional function of initiating certain social changes and organizing new institutions, and other social scientists have pointed out that the administrator has the responsibility of operating in a "liberal" as well as a "conservative" setting.¹⁰ But few went so far as did the social historian Brooks Adams.

3 THE ROLE OF ADMINISTRATION IN SOCIAL CHANGE

Brooks Adams advocated that the chief function of administration should be to facilitate social change, or paradoxical as it may seem to assure social stability by facilitating social change. Great grandson of President John Adams, grandson of President Quincy Adams, brother of the "educated" Henry Adams, Brooks Adams produced during the early 1900's, a series of unorthodox historical essays. Their titles were more radical than their contents: *The Law of Civilization and Decay*, "The Collapse of Capitalistic Government," and *The Theory of Social Revolutions*. The last of these is quoted below, the first was regarded by Theodore Roosevelt as a "melancholy but powerful book with 'a very ugly element of truth'".¹¹ And Mr. Roosevelt did not remain unaffected by it when he became President.

BROOKS ADAMS

*The Theory of Social Revolutions*¹²

The present industrial era brought with it a new governing class, as every considerable change in human environment must bring with it a

¹⁰ Kimball Young, *Social Psychology: An Analysis of Human Behavior*. New York: F. S. Crofts and Company, 1936, pp. 371-80. See also our Chapter 3.

¹¹ Theodore Roosevelt, "The Law of Civilization and Decay," *The Forum*, January 1897, vol. 22, pp. 573-577.

¹² Brooks Adams, *The Theory of Social Revolutions*, adapted from pp. 2-3, 204-5, 207-8, 216. New York: The Macmillan Company, 1913. Reprinted by permission of Henry Adams.

governing class to give it expression. Perhaps, for lack of a recognized name, I may describe this class as the industrial capitalistic class, composed in the main of administrators and bankers. I conjecture that this class attained its acme of popularity and power, at least in America, toward the close of the third quarter of the nineteenth century. Almost at the opening of the present century a progressively rigorous opposition found for its mouthpiece the President of the Union himself. If Mr. Roosevelt became, what his adversaries are pleased to call, an agitator, his agitation had a cause which is as deserving of study as is the path of a cyclone.

There can be no doubt that the modern environment is changing faster than any environment ever previously changed; therefore, the social center of gravity constantly tends to shift more rapidly; and therefore modern civilization has unprecedented need of the administrative or generalizing mind. I take it to be an axiom, that perfection in administration must be commensurate to the bulk and momentum of the mass to be administered, otherwise the centrifugal will overcome the centripetal force, and the mass will disintegrate. In other words, civilization will dissolve. A moment arrives when the minds of any given dominant type fail to meet the demands made upon them, and are superseded by a younger type, which in turn is set aside by another still younger, until the limit of the administrative genius of that particular race has been reached. Then disintegration sets in, the social momentum is gradually relaxed, and society sinks back to a level at which it can cohere.

It is in dealing with administration, as I apprehend, that civilizations have usually, though not always, broken down, for it has been on administrative difficulties that revolutions have for the most part supervened. Advances in administration seem to presuppose the evolution of new governing classes, since apparently, no established type of mind can adapt itself to changes in environment even in slow-moving civilizations, as fast as environments change. Administration is the capacity of coordinating many, and often conflicting, social energies in a single organism, so adroitly that they shall operate as a unity. This presupposes the power of recognizing a series of relations between numerous special social interests, with all of which no single man can be intimately acquainted. Probably no very highly specialized class can be strong in this intellectual quality because of the intellectual isolation incident to specialization; and yet administration or generalization is not only the faculty upon which social stability rests, but is possibly the highest faculty of the human mind.

Twenty years later, Professor Wallace B. Donham, Dean of the Graduate School of Business at Harvard University, repeated that "if our civilization breaks down, it will be mainly a breakdown of administration";¹³ and authorities in the field of public administra-

¹³ Wallace B. Donham: "The Theory and Practice of Administration." *Harvard Business Review*, Summer 1936, vol. 14, p. 409.

tion like Professor John M. Gaus of the Graduate School of Public Administration at Harvard and Dean Paul H. Appleby of the Maxwell Graduate School of Citizenship and Public Affairs at Syracuse University have quoted Brooks Adams's view.¹⁴ Similarly, President Arthur G. Coons of Occidental College, an economist and also an experienced public official, declared "The administrator's position (and that of his staff of assistants) is pivotal and strategic A confused and harassed world is groping for some economic and social philosophy possessing an explicable rationale for the modern world."

It asks that this rationale be capable of drawing all groups, classes and corporate entities into a more effective social coherence or sense of unity wherein the limits both of individual initiative or activity and of social control may be understood. Students of society and the responsible administrators of our society are now expected to be helpful in meeting this great social need."¹⁵

The writer who has given considerable attention to Brooks Adams's analysis of administration, though not to his conclusions, is the American philosopher James Burnham.

4 THE THREAT OF THE MANAGERIAL REVOLUTION

It was the view of Professor James Burnham, of New York University, that the essential quality of the emerging society is its "managerial character, in fact, in Burnham's mind, the managers have already 'taken over' modern society.

JAMES BURNHAM

The Managerial Revolution¹⁶

I shall present a theory—which I call 'the theory of the managerial revolution'. During the past century, dozens, perhaps even hundreds, of theories of history have been elaborated. All of the theories, with the exception of those few which approximate to the theory of the managerial revolution, boil down to two and only two. The first of these predicts that capitalism will continue for an indefinite, but long, time, if not forever; that is, that the major institutions of capitalist society, or

¹⁴ John M. Gaus and Leon O. Wolcott. *Public Administration and the United States Department of Agriculture*. Chicago: Public Administration Service, 1940, p. 299. See also Paul H. Appleby. *Power and Administration*. University, Alabama: University of Alabama Press, 1949, p. 51.

¹⁵ Arthur G. Coons. *Management's Professional Responsibilities*. *Advanced Management*, December 1946, vol. 11, p. 142.

¹⁶ James Burnham. *The Managerial Revolution*, adapted from pp. 7, 29, 96-7, 203, 257, 281. Reprinted by permission of The John Day Company. Copyright 1941, by The John Day Company.

at least most of them, will not be radically changed. The second predicts that capitalist society will be replaced by socialist society. The theory of the managerial revolution predicts that capitalist society will be replaced by "managerial society," that, in fact, the transition from capitalist society to managerial society is already well under way.

The contention that control over the instruments of production is everywhere undergoing a shift, away from the capitalists proper and toward the managers, will seem to many fantastic and naive, especially if we are thinking in the first instance of the United States. Consider, it will be argued, the growth of monopoly in our times, Think of the Sixty Families, with their billions upon billions of wealth, their millions of shares of stock in the greatest corporations, and their lives which exceed in luxury and display anything even dreamed of by the rulers of past ages. The managers, even the chief of them, are only the servants, the bailiffs of the Sixty Families. How absurd to call the servant, master!

Such would have been the comment if anyone had in the early fifteenth century been so much a dreamer as to suggest that control was then shifting from the feudal lords toward the small, dull, vulgar groups of merchants, and traders and moneylenders. Consider, it would have been argued, the splendid, insolent dukes and barons and princes, with their shining armor and their castles and crowds of retainers, and the land, all the land, in their grasp. Merchants, moneylenders! They are only purveyors to the mighty, fit to provide them with the luxuries required by their station and occasionally to lend them a few despised ducats for provisioning an army or building a new fortress.

The New Deal is a phase of the transition process from capitalism to managerial society. The New Deal is not Stalinism and not Nazism. But no candid observer, friend or enemy of the New Deal, can deny that in terms of economic, social, political, ideological changes from traditional capitalism, the New Deal moves in the same direction as Stalinism and Nazism.

But what about the bitter disputes among the various types of what I have stated are all managerial ideologies? How can these be explained if the ideologies are all "the same"? Are the disputes, thought so notorious, "unreal"? I wish to guard against possible misunderstanding. These disputes are not "unreal" and the ideologies are not "the same." Such a contention would be ridiculous and easily disproved. What I am maintaining is simply this: Communism (Leninism-Stalinism), fascism-Nazism, and to a more-partial and less-developed extent, New Dealism and Technocracy, are all managerial ideologies.

The managers—these administrators, experts, directing engineers, production executives, propaganda specialists, technocrats—are the only social group among almost all of whose members we find an attitude of self-confidence. Bankers, capitalist owners, liberal politicians, workers, farmers, shopkeepers—all these display, in public and private, doubts and fears and worries and gloom. But no one who comes into contact with

managers will fail to have noticed a very considerable assurance in their whole bearing. They know that they are indispensable in modern society.

Others besides Burnham had pointed to the powerful position of the managers in the American economy,¹⁷ and in 1948, United States Senator Ralph E. Flanders of Vermont made bold to assert "We call our system 'capitalism' It might better be called managerism"¹⁸ But Burnham was one of the few to warn about the threat of a managerial revolution. Before he adopted his critical attitude toward deviations from capitalism, Burnham had himself been an active left-wing political thinker, serving as co-editor of the American Marxist journal *The New Internationalist*. He had therefore had the kind of experience that encouraged him to portray contemporary events in doctrinaire terms, and in suggesting that governmental management in the form of the New Deal was dictatorship, Burnham brought down upon his head the objections of American administrators with a firm faith in democracy.

The most vigorous critic of Burnham's thesis was David E. Lilienthal, Chairman of the Board of Directors of the Tennessee Valley Authority, an outstanding example of New Deal governmental enterprise which Burnham had particularly criticized as being part of the managerial revolution. Lilienthal characterized Burnham's work as "an important book" which "no administrator in public or private enterprise should fail to read" but added that the book was "superficial, pontifical, and as full of unsupported assumptions as a country dog is full of burrs." Furthermore, Lilienthal warned "Here is a preview of the kind of package in which the confused and discredited notions of an American social revolution are to be sold to the American middle class, and particularly the administrators, managers, and executive technicians. Any book that tells a particular classification of men that they are devilishly important and are about to 'take over' will be sweetly persuasive to many of them. And besides, the phrase 'managerial society' is a natural, it is so much more appealing to the average man than its synonym 'fascism'."¹⁹

5 THE PROSPECTS OF A MANAGERIAL EVOLUTION

Another critic of the Burnham thesis was Charles E. Merriam, who nevertheless attributed a decisive position to the managers of

¹⁷ Adolph A. Berle Jr. and Gardiner C. Means, *The Modern Corporation and Private Property*, New York: The Macmillan Company, 1932.

¹⁸ Ralph E. Flanders, "Management's Part in the Free Enterprise System," Address to the Business Conference, Stanford University, July 20, 1948.

¹⁹ David E. Lilienthal, "Management—Responsible or Dominant," *Public Administration Review*, Summer 1941, vol. 1, pp. 390-2.

a democratic society. As Chairman of the Department of Political Science at the University of Chicago between the two World Wars, Professor Merriam inspired a generation of students and practitioners of public administration. As a local political leader in Chicago and as a national adviser to liberal American Presidents from Theodore Roosevelt to Franklin Roosevelt, Merriam recognized the practical significance of public management. In his overall treatise on *Systematic Politics*, Merriam devoted the final but perhaps the most significant section of his chapter on "The Organs of Government" to what he calls "the managerial organ."

CHARLES E. MERRIAM

*Systematic Politics*²⁰

In modern industry the managerial groups in many areas rise to a position more significant than that of the owners or the workers. Decision often rests largely in their hands, providing, of course, they are able to point to a generous measure of financial success in their particular enterprise. Wages to the workers, profits to the owners, prices and goods to the consumers—these are allocated in great measure by the managers of the concern and tolerated on the terms just stated.

The managerial group develops also in other social groups as well as in industry. Labor, agriculture, and professional associations tend to set up a strong structure in which the managerial skills and personalities are very prominent. In the ecclesiastical groupings this form of organization has long been evident, not only in the Catholic church but in other creeds and organizations as well.

If we ask why cities must have managers, or the Dairymen's Association have a manager, or steel or motors have a skilled staff of managers, not so called perhaps, or the labor group, or the political party, we find the answer in the increasing number and specialization of functions and the correspondingly increasing need for ways and means of integrating these specializations. The increasing size of modern societies and the proliferation of their complex activities make new forms of binding the machinery together indispensable to successful functioning.

It is not necessary to conclude that the managerial groups have assumed complete domination over the concerns in which they are found, although this may be the fact in various instances, but only to reckon with the undoubted truth that the managerial factor in public and private enterprise has taken on a far more significant role than before.

²⁰ Charles E. Merriam: *Systematic Politics*. Adapted from pp. 162-4. Reprinted by permission of The University of Chicago Press. Copyright 1945, The University of Chicago Press.

This new role which has puzzled and alarmed the "owners" in industry and the policy makers in government is not, however, primarily a power role, but a specialization of the evolving and complex character which we now confront in our civilization

We may, of course, always raise the question—not in point of fact always raised—of what the relation of these managers is to the ends of the state or the ends of other groups and to the special techniques of the particular group and to its special social composition. In the complex power pattern of organization how are these managerial elements related to the organization of the consent of the governed so vital a force in the life of every form of human association? In the struggle for advantage and mastery these larger factors may, indeed, pass unnoticed, but from the point of view of the student of politics and government, they are of supreme importance in judging the trends and possibilities of managerial evolution in modern society

Mernam thus preferred to think of the managers not as powerful revolutionaries who, as in Burnham's view, were threatening to dominate society, but rather as technicians whose services were indispensable to the evolution of modern society. In this view he had the support of his fellow social scientist and historian Charles A. Beard

6 ADMINISTRATION AS THE KEY TO MODERN SOCIETY

Charles A. Beard won early recognition for his *Economic Interpretation of the Constitution*, published in 1913, a work which was both highly accepted and severely criticized. In his later and more general historical works, Beard veered away from his earlier emphasis on economic determinism and stressed the decisive influence of technology and administration upon the welfare of the common man in America. But Beard's emphasis on administration was by no means a late development in his life. A professor of politics at Columbia University until World War I, Beard became Director of the Training School for Public Service in 1915. The Training School was affiliated with the New York Bureau of Municipal Research, which has been regarded as the first organization established in the United States to deal with public administration in a systematic and scientific way. In 1918 Beard became Director of the Bureau. The reading here quoted is from one of his latest works, with the emphasis on the importance of technology and administration which has characterized Beard's thinking almost from the beginning of his productive period of scholarship.

CHARLES A. BEARD

Public Policy and the General Welfare ²¹

The modern society is a Great Society. It consists of many different groups woven together in a complicated process of production. Every enterprise in the Great Society, as well as the Great Society itself, rests upon administration. Industry on a large scale depends upon organization—upon the management of large numbers of employees of different crafts and arts and the disposition of material goods. In some industries the administrative organism is national and even international in its range. Thousands, hundreds of thousands, of men and women must be brought together and distributed among various departments of production. They must be graded in a vast economic hierarchy, with skilled engineers and managers at the top and simple day laborers at the bottom. They must be assigned specific and appropriate tasks in the operation of the organization. They must be directed, controlled.

The state in the Great Society, like the private corporation, also rests upon administration. So, whatever may be the future, the science of administration will be an essential instrument of human welfare. To overthrow by violence any form of government is mere child's play as compared with the tasks of administering the functions of a Great Society. Lenin and his followers found it comparatively easy to pull down the weak political structure bequeathed by the Russian bureaucracy to the Kerensky government. On the morning after the revolution the Bolsheviks had possession of all the trappings of power—the army, the railways, the public buildings, and machinery of state; but although wearing the robes of power they were powerless. Where did they then turn? To the science of administration, including the Taylor system, the experience of American capitalism. In other words, administration—not the sword—is the key to enduring power in the Great Society.

Few writers besides Beard have credited administration with being the keystone science of modern society.²² Speaking in 1937 on the specialized subject of the measurable "work unit" in administration, Beard asserted: "There is no subject more important—from its minute ramifications of unit costs and accounts to the top structure of the overhead—than this subject of administration. The future of civilized government, and even, I think, of civilization itself rests upon our ability to develop a science and a philosophy and a practice of administration competent to discharge the public functions of civilized society."²³ In his stimulating criticism of Beard's views, Pro-

²¹ Charles A. Beard: *Public Policy and the General Welfare*, adapted from pp. 148, 158–60. Reprinted by permission of Rinehart and Company, Inc. Copyright, 1941.

²² See the ideas of Glenn Negley, Chapter 20.

²³ Charles A. Beard: "The Role of Administration in Government," *The Work Unit in Federal Administration*. Chicago: Public Administration Service; 1937, p. 3.

fessor Dwight Waldo has asked: "Is a Philosopher-King or a Communist or Fascist Party charged with a greater responsibility than preserving civilization?"²⁴

SUMMARY

The majority of authorities quoted in this chapter agree that administration plays an important role in society. But while they agree on the importance of administration, they assign to the subject different degrees of significance. Henri Fayol believes that the administrative process is universal, that its existence is percentage-wise the most important element in practically all vocations and professions, and that there is therefore a widespread need for the scientific study of administration. While Paul Pigors feels that the main purpose of administration is to preserve the status quo in society, Brooks Adams regards administration as a more important—indeed as the most important—human faculty because its function is to facilitate social change and to cushion the shock of social revolution. James Burnham contends that the administrators or managers of society have appropriated so much power that the decisive revolution has already arrived, neither fascistic nor communistic revolution, but managerial. Charles E. Merriam denies this thesis and regards administration as the evolution of another human technology leading to man's adaptation to his complex environment. Charles A. Beard attributes perhaps the highest role to administration; to him it is the key science of contemporary civilization.

Economic and social historians like Charles A. Beard who attribute vast powers to the state, great managers and engineer-industrialists somewhat critical of government like Henri Fayol, sober scholars with a socialist slant to their thinking like Brooks Adams, social psychologists like Paul Pigors interested in stable social and industrial relations, reformed radicals like James Burnham who flee from the capitalist to the communist ideology and back again, political progressives like Charles E. Merriam who remain steadfast in their devotion to democracy—all these writers agree as to the decisive importance of administration.

What is the nature of this significant type of human endeavor? The various answers will be found in the following chapters.

²⁴ Dwight Waldo *The Administrative State* New York: The Ronald Press Company, 1948, p. 90.

PART I

THE ART OF ADMINISTRATION

CHAPTER TWO

ADMINISTRATIVE FUNCTIONS

EXACTLY what does an administrator do? Administrative functions, managerial activities, or executive duties vary among government, business, and other kinds of institutions; and, within each of these institutions, on various levels of responsibility, administrative functions differ in intensity if not in kind. Some general types of administrative duties are common to practically all jobs. These activities will be described in this chapter.

We are not concerned here about the functions—social, economic, or political—which should or should not be undertaken by government, business, or other institutions. Whether this government or that business should administer one social function or another is a different problem and will be discussed in later chapters. We will search here merely for the administrative, managerial, or executive processes which are common to all undertakings of society and which apply in varying degrees to all levels of responsibility, from chief executive to section chief, from gang boss to apprentice, from office manager to messenger boy.

In the six sections of this chapter the reader will be introduced to the administrative process, but not until the last of these sections will an attempt be made to define, in any formal way, the more general functions known as *administration*, *management*, and *organization*.

1. A LISTING OF EXECUTIVE DUTIES

One of the most concrete enumerations of administrative duties or executive functions is the list prepared by Luther Gulick under

the catchword POSDCORB. Before defining the term, it is well to point out that Gulick attributed to Fayol the kind of functional analysis of administration which he summarized under POSDCORB. Like Fayol, Gulick combined the scholarly search for the universal with practical experience in the field of administration. He was one of the first students of Charles Beard at the New York Training School for Public Service, and he succeeded Beard in becoming the director of the Training School and the New York Bureau of Municipal Research which merged under his direction into the National Institute of Public Administration. As director of the Institute, Gulick became one of the most widely consulted experts in public administration—local, state, national, international. With Charles Mernam, Gulick served on President Roosevelt's Committee on Administrative Management in the 1930's. The President's managerial functions in his capacity as chief executive as well as the administrative functions carried on by other chief executives or lesser executives in government and business comprise the activities included under Gulick's POSDCORB.

LUTHER GULICK

Papers on the Science of Administration¹

What is the work of the chief executive? What does he do?

The answer is POSDCORB.

POSDCORB is, of course, a made-up word designed to call attention to the various functional elements of the work of a chief executive because administration and management have lost all specific content. POSDCORB is made up of the initials and stands for the following activities:

PLANNING, that is working out in broad outline the things that need to be done and the methods for doing them to accomplish the purpose set for the enterprise,

ORGANIZING that is the establishment of the formal structure of authority through which work subdivisions are arranged, defined and coordinated for the defined objective,

STAFFING, that is the whole personnel function of bringing in and training the staff and maintaining favorable conditions of work,

DIRECTING that is the continuous task of making decisions and embodying them in specific and general orders and instructions and serving as the leader of the enterprise,

CO-ORDINATING, that is the all important duty of interrelating the various parts of the work,

¹ Luther Gulick. Notes on the Theory of Organization. Papers on the Science of Administration, p. 13. Reprinted by permission of Institute of Public Administration. Copyright 1937. Institute of Public Administration.

REPORTING, that is keeping those to whom the executive is responsible informed as to what is going on, which thus includes keeping himself and his subordinates informed through records, research and inspection;

BUDGETING, with all that goes with budgeting in the form of fiscal planning, accounting and control.

This statement of the work of a chief executive is adapted from the functional analysis elaborated by Henri Fayol in his "Industrial and General Administration." It is believed that those who know administration intimately will find in this analysis a valid and helpful pattern, into which can be fitted each of the major activities and duties of any chief executive.



Although POSDCORB is a useful abbreviation for administrative functions, managerial processes, or executive duties, many authorities have not accepted it. Dan Throop Smith, for example, admitted that all jobs involve administration, but he warned: "Each of them is intimately bound up with a more or less specialized subject matter."² Professor Lewis Meriam also admitted that POSDCORB is "a godsend to anyone who attempts to teach a course in general public administration, because it gives seven pegs on which to hang the detailed facts and principles that are common to administrative positions"; but, Meriam continued, "the most important thing that has been omitted from that fascinating word 'POSDCORB' is knowledge of a subject matter. You have to plan something, you have to organize something, you have to direct something. When you have to select your staff, you have to determine what the different classes of employees will have to do and then what they will have to know in order to do it. Intimate knowledge of the subject matter with which an administrative agency is primarily concerned is indispensable to the effective, intelligent administration of that agency."³

Certainly, many capable executives, indeed the majority of them, have in the past risen to important administrative posts as subject-matter specialists rather than as management experts, although quite possibly during the early stages of their careers, they had devoted a large part of their efforts to "administration" without calling it by that name. It is understandable, then, that Lewis Meriam, like Dan Throop Smith and other critics of the purely managerial approach to administration, does acknowledge: "It is unquestionably true that those seven broad categories are common to practically all administrative positions."⁴ The POSDCORB idea is thus widely accepted in Amer-

² See Chapter 1.

³ Meriam: *Public Service and Special Training*, pp. 1-3.

⁴ Meriam: *Public Service and Special Training*, p. 2.

ican textbooks dealing with public administration⁵ and American governmental authorities sometimes accept a similar kind of classification of managerial tasks in their official administrative manuals.⁶

In business administration various modifications of POSDCORB were previously available. In the 1920s men like Edward D. Jones, pioneer professor of commerce at the University of Michigan, similarly listed some eleven functions of the business administrator.⁷ Similarly Percival White, industrial manager and author of an early textbook on *Business Management*, included in his list of administrative duties Gulick's elements of coordination, planning, organization and direction, but he made some additions like analysis and measurement, thus suggesting the more specific intellectual components of the administrative process.⁸ In 1924 Henry S. Dennison, also an experienced businessman and later a New Deal planner, presented a job analysis of managing which included an even more detailed analysis of the mental processes involved in administration.⁹

One of the most realistic descriptions of the functions of an executive is offered by Professor Dimock. First he must keep the enterprise on an even keel. Second, he must delegate everything he can. Third, if the program is going along satisfactorily, he then has the time and nervous energy with which to chart the course that lies ahead.¹⁰ There is much soundness in Dimock's simple summary that the executive does three principal things. He is a trouble shooter, a supervisor, and a promoter of the future program,¹¹ but it is also clear that the effective administrator does not permit any one of his functions to run too far ahead of the others.

2. AN AMERICAN CABINET MEMBER'S ADMINISTRATIVE ACTIVITIES

The precise emphasis to be given one set of administrative duties or another varies from institution to institution, from department to

⁵ John M. Pfiffner, *Public Administration* (New York: The Ronald Press Company, 1946), pp. 19-20; John D. Mallett, in Fritz Morstein Marx (ed.), *Elements of Public Administration* (New York: Prentice-Hall, Inc., 1946), p. 146; Leonard D. White, *Introduction to the Study of Public Administration* (New York: The Macmillan Company, 1939), p. 309.

⁶ See for example U. S. Bureau of the Budget, "Tasks of Management," Memorandum and Chart IHO-1, 1946.

⁷ Edward D. Jones, *The Administration of Industrial Enterprises* (New York: Longmans Green and Company, 1926), p. 148.

⁸ Percival White, *Business Management* (New York: Henry Holt and Co., 1926), pp. 96-8.

⁹ Henry S. Dennison, "Who Can Hire Management," *Bulletin of the Taylor Society*, June 1924, vol. 9, p. 103.

¹⁰ Marshall E. Dimock, *The Executive in Action* (New York: Harper and Brothers), pp. 83-4.

¹¹ Dimock, *The Executive in Action*, p. 16.

department, and from time to time, even though essentially the same list of managerial duties is performed by executives at all levels of administrative responsibility. At the cabinet level of authority, we have a typical record of the daily administrative events which transpired in the office of William C. Redfield, Secretary of Commerce during the administration of President Wilson. Redfield was an industrialist, primarily interested in the export trade, who represented the liberal business wing of the Wilson "New Freedom" administration.¹² He entered New York politics early in 1902, serving as Commissioner of Public Works for the Borough of Brooklyn. Ten years later he was elected to Congress. After a two-year term, during which he showed an intense interest in the problems of scientific management,¹³ he entered President Wilson's Cabinet.

WILLIAM C. REDFIELD

With Congress and Cabinet ¹⁴

Let us follow the Secretary of Commerce through a day's work. Before he reaches his office, the heavy morning mail has been distributed to eight bureaus and to the several divisions which compose the Secretary's office. Some has gone to the Assistant Secretary, and only such as requires the Secretary's personal care is placed on his desk. Among the letters is one from the White House enclosing a bill just passed by Congress, that affects the work of the department. The letter asks if the Secretary knows any reason why the President should not sign it. A check for perhaps \$500,000 comes from the contractor who finishes and sells the government sealskins, this amount covering only a part of the season's catch. The department's pay roll is presented for signature. Congress sends a resolution calling for information or asks appearance before a committee. There are requests for business conferences, various reports and letters from the eight bureaus of the department, many requests for information and assistance, a share of complaints—the usual business mail. It is business mail; there is little that is political about it.

The Solicitor enters, visibly disturbed, with the *Congressional Record* in his hand. Senator X or Representative Y has made some imaginative remarks about the work of the department or has introduced a bill changing its structure. Perhaps a measure favored by the department is delayed or opposed. An act has been passed requiring certain work for which there is no appropriation. The Solicitor asks if he should go to the Capitol and try to straighten matters. "Do so and report." The Director

¹² See William C. Redfield: *The New Industrial Day*. New York: The Century Co.; 1912.

¹³ See Chapter 5.

¹⁴ William C. Redfield: *With Congress and Cabinet*. Selected from pp. 145-6. Reprinted by permission of Doubleday & Company, Inc. Copyright 1924, Doubleday, Page & Company, Inc.

of the Bureau of Standards telephones that the American Society of Automotive Engineers (or some other scientific body) is to meet there the next day. Will the Secretary come out and say a few words of welcome and also look over the plans for equipping the new laboratory?

The Commissioner of Lighthouses enters with his naval architect to submit drawings of a new seagoing tender for the Pacific Coast. He remains to say that the light station on Navassa Island, West Indies, is completed after serious difficulties arising from isolation and the lack of fresh water. He shows the schedule for new aids to navigation in Alaskan waters for the present year and expresses concern about the inadequate depot near Hampton Roads. He urges particularly that steps be taken to secure from Congress adequate pay for the district inspectors. Perhaps he leaves a copy of the Lighthouse Service Bulletin containing such items as the following: The keeper of Cape Ann Light Station, Massachusetts, reports. At 9 P.M., December 31, a large flock of geese bound south hit the north tower, killing five. Three broke through the glass in the tower, breaking two window panes and clipping the prisms of the lens very badly on the northeast side. (Bad for the tower, but good for the keeper's table.) X Q KC

The disbursing clerk comes in hastily to say that the House Appropriations Committee has reported a cut that will involve discharging part of the force of an important division, also that another appropriation will be useless in its proposed form since it provides only for the field service and prohibits employment of the necessary help in Washington. He is told to communicate the facts to the clerk of the Committee and to arrange, if possible, for a hearing. 7076

A number of callers who are waiting in the anteroom must be received although it is almost time for lunch. Here is one of them with a strange question. He is the head of the largest concern of its kind in the land and asks: Mr. Secretary, why is a business man not believed in Washington? Elsewhere he says his word is accepted as a matter of course, but in the national capital he meets polite incredulity. He is told *inter alia* that suspicion in Washington often usurps the place of wisdom and that it is unfortunately too true that some business men come here with minds singularly devoted to their own interests and not over concerned with the public welfare. Confidence is withheld from some who deserve it because there are others who do not.

When the Secretary returns from lunch, a note awaits him saying that the Director of the Census wishes him to see the new integrating counter which is ready on the fourth floor. This gives an opportunity to exhibit to the Representative who accompanies him the counter which has been developing for months under a special appropriation. It is planned to be ready for work on the census of 1920. After examining it, he takes the Representative to the census machine shop on the second floor, that he may see in operation the very wonderful tabulating machinery which the Bureau of the Census designs and builds for its own use.

Back to the office on the seventh floor to receive a telephone message from Foreign and Domestic Commerce, saying the commercial attaché at Shanghai cables that with his aid an American maker of textile machinery has secured an order for \$2,000,000 worth of cotton-mill equipment. A less happy announcement is that the commercial attaché to Buenos Aires, en route down the west coast of South America, has been shipwrecked. He fortunately escaped unhurt, but with the loss of his personal baggage.

The Secretary's confidential clerk comes in with a pile of papers from all the services which require signature; with them is the outgoing mail. There is but time before the day closes for a conference about the Laboratory at Fairport, Iowa, recently destroyed by fire. Here we inoculate fish with germs to maintain the pearl-button industry. The conference ends the day, but the actual incidents given afford only a glimpse of the work that lies behind them.

Before Redfield's book appeared, Raymond Poincaré, who had been a Minister, Premier, and President of France, described the "well-filled" day of a French cabinet minister, its "formidable mass of correspondence," its "interminable procession of people soliciting favors," and its "desks and tables loaded with great portfolios, crammed with every kind of document." Without constant work and careful management, Poincaré pointed out, the minister becomes "merely the plaything of Parliament or the tool of his departmental bureaux."¹⁵

3. THE ADMINISTRATIVE ACTIVITIES OF A BUSINESS MANAGER

The many similarities and differences between the activities of a premier or a government department head and those of a big business magnate are revealed in the weekly schedule followed during the 1930's by Alfred P. Sloan, Jr. as head of the General Motors Corporation. After a distinguished record at the Massachusetts Institute of Technology, Sloan, at twenty-four, became President of the Hyatt Roller Bearing Company, manufacturers of one of the many parts that helped develop the infant automobile industry. Young Sloan solved engineering problems, supervised production, financed the operations, did maintenance and repair work, and made the major sales trips. In the last capacity he came to know the automobile industry and its problems. He was brought into General Motors by its founder, William C. Durant, and when Pierre Du Pont succeeded to Durant's interests in the post-war depression of 1920, Du Pont

¹⁵ Raymond Poincaré: *How France Is Governed*. New York: Robert M. McBride and Company; 1919, pp. 175-6.

selected Sloan as his executive vice president General Motors of the 1930's and the 1940's, largely a product of Sloan's administrative skill, combined a score of motor car divisions from Chevrolet to Cadillac

"Alfred P. Sloan, Jr. Chairman"¹⁰

Procedures, embodying the basis of a scientific approach to management, are certainly the most characteristic and most tangible part of Mr. Sloan's work. Since the committee meetings give such pattern as there is to Mr. Sloan's week and month, some glimpse into their workings may most easily be got by following him through a few days.

Picture him, then, arriving at his office shortly after nine thirty of a Monday morning, striding nervously over the taupe carpets of the broad, paneled entrance halls. He drops into his chair, starts to study a batch of correspondence, reports, and newspaper clips concerning General Motors and related topics. At ten there is a meeting of the Policy Committee. Discussion turns on whether or not G. M. should exhibit at the New York World's Fair. It must come before this August group because it will involve at least \$2,000,000, more than that if the Fair is held over for another year. Plans for an exhibit and estimates of attendance are produced. The general economic situation is considered. Other ways of spending the money are compared. Mr. Sloan devotes himself to getting all views out in the open, laying particular emphasis on the positive views.

For lunch he goes to the G. M. executive dining room where he sits at the head of one of the long tables and chats with whoever happens to be beside him—there is no fixed order—while he hurriedly and somewhat absently takes his food. Here he may survey a cross section of G. M. executives, who collectively are plump, pink, and fortyish, well dressed up to but definitely not beyond the point of nattiness, a solid and earnest little island of Detroit set in the urbane crosscurrents of Manhattan.

Back in his office, he plunges into the dictation of correspondence, of which he has an enormous amount and at which he goes with great speed and concentration. A large part of it is with other General Motors men and in this way he manages to keep up with a number of topics that might escape the more formal routine. He leaves the office at about six o'clock, taking with him some new financial report or economic study for homework.

Tuesday he talks over points for the annual report with John Thomas Smith, his legal chief of staff, and with Donaldson Brown, his financial chief. In the intervals he is on the telephone with President Knudsen in Detroit, as he is most days, keeping up on operations.

Wednesday and Thursday are given over to twelve General Motors dealers, nominated by the divisional sales organizations to form a

¹⁰ Alfred P. Sloan, Jr. *Chairman* *Fortune*, April 1938 vol. 17, selected from p. 112. Reprinted by permission.

part of the Dealer Council—there are four regional groups in all—who have come at G. M.'s expense to discuss their problems with Chairman Sloan and his other officers. Freely and vehemently they go at the questions of cross-selling and allocation of territories. They are at it all day for two days.

So goes the New York week. On Friday he may devote himself to advertising, reading copy and fussing over it with his pencil. And there is always more correspondence. On Saturday, if much work needs to be done, or even on Sunday, he may come in to the office, although G. M. is committed to a five-day week.

On the following Monday night he gets on the train for Detroit, accompanied by Messrs. Brown and Smith and by Albert Bradley, who is Brown's junior teammate on the financial staff. Here, at nine thirty, he goes into a meeting of the Engineering Policy Group. Sometimes these meetings are brief and highly informal. At such a one the engineer, Hunt, may speak up to say again that he never thought freewheeling was worth a damn, whereat Grant, the G. M. sales chief, may admit sheepishly that the dealers don't want it so much any more—an admission to be greeted by a chorus of "Let's can it!" led by Sloan himself. But today the business cannot be disposed of so simply. Preliminary submissions for the 1939 Buicks are in and the items must be gone over one by one. All are aware that cars in the price class of Buick no longer account for 35 per cent of the market but something nearer 10 per cent, and that therefore a large independent tooling expense cannot be incurred.

That evening Mr. Sloan and the other New York men go to a set of dormitory rooms right in the General Motors building and continue their talks with Detroit officials of G. M. Mr. Sloan retires early, for sleep is the one relaxation he takes seriously, but is down in the morning to have his breakfast at the basement coffee counter, sitting on a stool. This day the Distribution Policy Group will talk about the costs and benefits of a more liberal cancellation clause in the dealer contract. In the afternoon Mr. Sloan may get out to look over progress on the new Diesel plant. Thursday the Administration Committee meets and it is another all-day affair. In a darkened room chart after chart is thrown on a screen, showing the state of General Motors inventories, dealers' stocks, the rate of sales; showing also pertinent trends in the general economic life of the country. Charts may be held for a while on the screen while points are discussed. Afterward the talk turns on production schedules and the extent to which new plant additions may be desirable. Then he boards the train for New York again.



The opportunity of copying Sloan's organizational system has of course been limited, and his managerial methods, especially his committee procedures, have not been universally accepted. His personal administrative practices, however, reflect, in some degree, the types

of functions similarly carried on by other executives at all levels of the American economy

4 SOME SIMPLER BUT SIGNIFICANT FUNCTIONS OF ADMINISTRATION

Not all administrative duties are carried on in the glamorous surroundings of cabinet offices and taupe carpets. Donald C. Stone here gives a typical picture of some of the more pedestrian but nonetheless practical aspects of the administrative process. Stone is well-equipped to portray the realities of administration. After training in public administration at the Maxwell School of Citizenship and Public Affairs at Syracuse University, he worked his way through the fields of police administration, municipal management, state administration, Federal administrative management, and international administration. Although his main experience in public management was in his capacity as consultant to governments ranging from rural towns to the United Nations, his official posts included Assistant Director of the Bureau of the Budget and Director of Administration of the Economic Cooperation Administration. In all his posts he engaged in the widest scope of administrative activities, including the drab but crucial daily duties which he emphasizes below.

DONALD C. STONE

'Characteristics of Administration' ¹⁷

We speak of administration as being the organization and direction of persons in order to accomplish a specified end. But these are just vague words. Their interpretation lies in an examination of the day-to-day, hour to hour, and year-to-year juxtaposition of persons, ideas, and events in an organization engaged in carrying out some specific program of work. Administration is the simplest of actions, like the signing of a letter, the reporting to a superior of the need for more funds, or the interview of a complainant. I was going to say the hiring of a person, but that is by no means a simple action! At the same time, administration consists of the most complex of actions—the inauguration of a welfare program, the development of a slum clearance project, the conduct of hearings to fix bituminous coal prices, the certification of a State public assistance plan as being in conformity with established Federal standards, or the layout of a city water system.

Most people tend to think of administration in grandiose terms as being only actions of great magnitude. Actually it is the simple, as well

¹ Donald C. Stone, Planning as an Administrative Process, Address to the National Conference on Planning, May 12, 1941.

as difficult, every-day decisions and acts which in the aggregate become administration. A report came back to me the other day of a talk given by a very competent Federal administrator to a meeting of the junior members of the American Society for Public Administration. He had told them about a troublesome case he was handling. A claimant had been taken violently ill one day in a field office and the office manager had called in a doctor. Later on the doctor petitioned the Federal Government for payment of the bill because the claimant had refused to pay. Said the Federal administrator to the prospective junior administrators, "If you don't like to straighten out all kinds of small troubles like that, you won't like administration. It's not all making decisions on the principles of public administration as they are written in the text books."



Such managerial functions are characteristic of other levels of government besides the national. As we shall see, the United Nations as well as individual nations, cities as well as states, call for common techniques of management. Carl Sandburg, the famous biographer of Lincoln and one of America's leading poets, has described from his own experience how the processes of municipal management become entangled with the problems of international reform. In 1910, Sandburg left his promising newspaper job in Chicago in order to help elect Emil Seidel as the first Socialist mayor of Milwaukee. After his election, Seidel appointed Sandburg as his secretary. Sandburg's biographer reports the secretary's first official experience as follows: "In its pre-election propaganda, the party had talked more or less about establishing an international co-operative brotherhood of man. Certain newspapers and bankers and industrialists were watching uneasily to see what course it would take, once it came into power. The Mayor was sworn in solemnly. He moved into his office and stood with Sandburg at his side, receiving the congratulations of faithful delegations that called upon him in this his hour of triumph. He had been mayor perhaps ten minutes when the telephone rang. Sandburg the idealist reached the receiver. A voice said: 'There's been a dead dog in the alley besides my store on Grand Street for three days. It's beginning to stink. I want you to do something about it.' Sandburg promised to attend to it, and did. He found the department responsible for the removal of dead dogs and ordered it to go to work. And at that same time he discovered a practical side to politics that had nothing to do with the brotherhood of man, the theory of government, or even with the other practical consideration of getting out the vote."¹⁸

Sandburg's administrative experience has often been duplicated

¹⁸ Karl W. Detzer: *Carl Sandburg*. New York: Harcourt, Brace and Company; 1941, pp. 83-4.

at the municipal level Typical is the world reformer Joe Astell, who is the local alderman of *South Riding*, a classic novel about British municipal government At one point in the story, Astell takes an inventory of his career, which ranged from his thankless fight for world peace to his achievements of "solid concrete results," such as the erection of a municipal swimming pool or a sewage disposal plant Bitterly he reminisces "You begin by thinking in terms of world revolution and end by learning to be pleased with a sewage farm"¹⁹ In carrying out even these humble functions of municipal sewage disposal or sanitary inspection there is repeated the same pattern of the administrative process experienced by Secretary of Commerce Redfield or G M C Chairman Sloan

At a minor level of administrative responsibility, such as the position of municipal inspector, the subject matter may differ, but there is the same sequence of reports, interviews, correspondence, and inspections This similarity is made clear in an interesting series of essays prepared by a number of British officials and collected by the British Institute of Public Administration in 1935 and 1937 The various descriptions of the administrative workday presented in this series constitute a catalogue of daily duties applicable to almost all administrative jobs Whether the report is that of A H Walker, Sanitary Inspector and Housing Inspector for the Metropolitan Borough of St Pancras, or of J T Hutton, Public Assistance Officer of the London County Council, or of G F Cotton, Director of Victualing for the Royal Navy, or of Stanley Cursiter, Director of the National Galleries of Scotland, there is a common core of administrative experience involving the recognized activities of "correspondence," "coordination," and "consultation"²⁰

5 ACTIVITY ANALYSIS OF THE ADMINISTRATIVE WORKDAY

These common characteristics of administrative activity are applicable to the local community as well as to a world wide hierarchy The following studies, produced by careful observers, indicate the surprising similarity between (a) the daily calendar of His Holiness, the Pope, and (b) the daily schedule of an American city manager

¹⁹ Winifred Holtby *South Riding* New York The Macmillan Company 1936, p 121

²⁰ Off the Beaten Path "Public Administration" April 1937 vol 15 pp 128-67
A Day in My Official Life "Research Studies in Public Administration" London The Institute of Public Administration, 1935

(a) KEES VAN HOEK

Pope Pius XII, Priest and Statesman ²¹

A Pope is no doubt the hardest worked person in the world, with a daily routine more severe than that of a head of State and head of Government combined. A large part of a Pope's day is reserved for audiences. Each of the 1,200 Archbishops and Bishops of the Catholic Church is obliged to visit Rome once every five years, the canonical *ad limina* visit. This, in practice, means that there is one such important visitor almost every day for whom the Pope has to prepare by reading up previous reports so as to familiarize himself with the situation of his visitor's diocese. Then there are private audiences of distinguished personalities, arranged generally through their legations. Most of his time, however, is taken up by group audiences of pilgrims who have come from near and far to see the Pontiff, to kiss his ring, and to hear a fatherly word from his lips. Pius XII has broken with many traditions; he moves freely among his visitors, and these functions have nothing of the rigidity which both his predecessor's age and temperament had imposed. Religious functions at which he has to appear as the central figure are another heavy toll on his time and on his physique. As the Pope's daily consultation with his Secretary of State—reviewing the affairs of the world and the Church in general—takes already a couple of hours every morning, one can easily calculate that it is not until the afternoon is well gone that the Pope can settle down to undisturbed study.

(b) "Safeguarding Managerial Time" ²²

There is no accepted set of duties and responsibilities for a city manager, nor are there any "guaranteed" techniques for solving administrative problems. Some managers swear by certain techniques as indispensable tools of management, but others have achieved equal success without these "indispensable" techniques. However, beneath the superficial differences in positions and the apparent nonconformity in techniques, careful analysis reveals that "over-all administration," or management, has certain common characteristics wherever it is found.

There probably is general agreement that the principal functions of a city manager are to organize, to plan, to direct, to coordinate, to control, and to represent the administration in contacts with the council, with outside agencies, and with the public. These functions, together with finance and personnel management, are the elements of management

²¹ Kees Van Hoek: *Pope Pius XII, Priest and Statesman*. Selected from pp. 86-8. Reprinted by permission of Philosophical Library, Inc. Copyright 1945, Philosophical Library, Inc.

²² "Safeguarding Managerial Time." *Public Management*, September 1941, vol. 23, selected from pp. 259, 264. Reprinted by permission.

which the city manager cannot delegate without surrendering in part his claim to the title of chief administrator

The 20 city managers, for the purpose of this study, kept for a week a daily record of time spent on different activities. An average work week of 54 hours was reported and, on the basis of a six day week, a nine hour day would be distributed as follows

Talking with citizens in office and over telephone 2 hours
 Conferences with department heads 1½ hours
 Planning current activities and future work 1 hour
 Handling correspondence 1 hour
 Formal and informal meetings with city council 50 minutes
 Inspecting municipal activities 50 minutes
 Attending meetings and talking before various groups 40 minutes
 Preparing official reports 30 minutes
 Interviewing candidates for positions 20 minutes
 Miscellaneous 20 minutes

Most managers realize that they must relieve themselves of the less important work and devote more time to such managerial functions as planning and coordination which they cannot afford to delegate. Their work days are endless chains of exacting duties, with scarcely any intervals in which they can see the job as a whole. Constructive thinking is most likely to occur when the manager has mastered the art of unhurried management

Administrators at all levels of responsibility devote a large proportion of their time to such acts as consultations with staff and public. Administration thus becomes a matter that can be understood in such pedestrian terms as conversations, conferences, correspondence, interviews, reports, and just plain sitting and thinking.²³

6 THE THREE BROAD FUNCTIONS—ADMINISTRATION, MANAGEMENT, ORGANIZATION

No matter how concrete the various administrative functions become during the ordinary workday, they have to be classified under a few general headings if they are to be outlined for profitable study. What terms can be chosen, therefore, as the most general "pegs," as Lewis Meriam calls them, on which to hang the major administrative functions? A broad and helpful classification of functions has been furnished by writers such as the American, J. William Schulze, and the Englishman, Oliver Sheldon

²³ See Louis Brownlow's definition of an administrator, Chapter 20

J. William Schulze determined upon the scientific study of administration after a period of practical managerial experience. As comptroller for the Robert H. Ingersoll Company, which was engaged in war production during World War I, Schulze found the bottleneck in his organization to be not only the factory but also the various administrative, clerical, sales, and managerial offices of the company. Considering these administrative problems, he set forth his basic "definitions" in 1919 before the Taylor Society, an organization devoted to the study of scientific management. These are the concepts presented below. In the same year, Schulze published his textbook, *Office Management*.²⁴ Comptrollers of commercial firms such as Schulze were generally regarded during the Mauve Decade as office managers or glorified bookkeepers who "sat at a high desk on a stool and handled large and cumbersome bound ledgers" and had "an ability to write a good Spencerian hand and a tendency to wear an alpaca coat and an eye shade."²⁵ Yet it was the "office manager" like Schulze who was regarded as the authority on administration by the British "philosopher of management" Oliver Sheldon.

Oliver Sheldon, noted author of *The Philosophy of Management*, was a British industrial consultant who became interested during the interval between the two World Wars in describing the "science of industrial management which was developing before our eyes."²⁶ Sheldon wanted "management to be an integral and highly trained part of the community to take the initiative so far as possible within its own sphere, in raising the general ethical standard and conception of social justice."²⁷ He constantly sought to bring scientific and definitive thinking to the subject of administration. As his source for a proper definition of the concept, it is interesting that he chose the practical American manager, J. William Schulze.²⁸

(a) OLIVER SHELDON

The Philosophy of Management ²⁹

Administration is the function in industry concerned in the determination of the corporate policy, the co-ordination of finance, produc-

²⁴ J. William Schulze: *Office Management*. New York: McGraw-Hill Book Company, Inc.; 1919.

²⁵ Walter D. Fuller: "What the Senior Executive Expects of the Office Manager." American Management Association, 1937, Office Management Series, No. 78, p. 36.

²⁶ Oliver Sheldon: *The Philosophy of Management*, p. xii. See note 29.

²⁷ Sheldon: *The Philosophy of Management*, p. 286.

²⁸ For Sheldon's reference to Schulze see *The Philosophy of Management*, p. 32, n. 2.

²⁹ Oliver Sheldon: *The Philosophy of Management*. Adapted from p. 32. Reprinted by permission of Sir Isaac Pitman & Sons. Copyright 1930, Sir Isaac Pitman & Sons.

tion and distribution, the settlement of the compass of the organization, and the ultimate control of the executive

Management proper is the function in industry concerned in the execution of policy, within the limits set up by administration, and the employment of the organization for the particular objects set before it

Organization is the process of so combining the work which individuals or groups have to perform with the faculties necessary for its execution that the duties, so formed, provide the best channels for the efficient, systematic, positive, and co-ordinated application of the available effort

Organization is the formation of an effective machine, management, of an effective executive, administration, of an effective direction Administration determines the organization, management uses it Administration defines the goal, management strives toward it Organization is the machine of management in its achievement of the ends determined by administration

(b) J WILLIAM SCHULZE

"Some Definitions"³⁹

Administration is the force which lays down the object for which an organization and its management are to strive and the broad policies under which they are to operate An organization is a combination of the necessary human beings, materials, tools, equipment, working space and appurtenances, brought together in systematic and effective correlation, to accomplish some desired object Management is the force which leads, guides, and directs an organization in the accomplishment of a pre-determined object

The words management and administration are so frequently used synonymously that one rather hesitates to draw a distinction between them, for, after all, usage gives a word its meaning Yet there is a conception in the minds of many of us giving the word administration a meaning broader than either organization or management, in fact, many of us look upon it as encompassing both Probably the form of our government is somewhat responsible for this conception The president, who with his cabinet is regarded from an organization and management point of view as the official elected by the people to lay down, year by year during his administration, the objectives toward which the country is to strive and the policies under which it is to operate, typifies the administrative force behind our government His messages to congress and his proclamations to the public are administrative in their purpose After the messages have resulted in congressional enactment and the proclamations have been issued, the various governmental heads of departments, typifying manage

³⁹ J William Schulze "Some Definitions" Bulletin of the Taylor Society, June 1919, vol 4 p 22 Reprinted by permission

ment, direct the governmental organization in the carrying out of the objects laid down in the acts of congress and the presidential proclamations.

One difficulty in employing this broad definition of functions is the lack of uniform usage among authorities. The same author frequently reverses himself and interchanges terms like *administration* and *management*. Sheldon himself, although he defines the term *administration* as broader than *management*, goes on to speak of "Management, in this general sense, including both Administration and Organization."³¹ This British conception seems to be the general European usage, adopted also by Fayol, in which management is given a broader meaning than administration.³² In the United States too, these terms are occasionally interchanged or used synonymously, just as they have already been so used in this book. As a further example, the field of American public administration has widely adopted Leonard D. White's view that administration is concerned "with the management of men and materials in the accomplishment of the purposes of the state," and that administration is "broadly managerial in nature."³³ When White defines and enumerates the components of public administration, he lists organization and personnel management, as well as financial and legal controls, thus giving administrative functions the more inclusive definition. This practice is common among American specialists in industrial administration.³⁴

In American usage, therefore, administration includes management and organization, but more particularly it involves a larger element of objectives, programs, or policies. As Schulze points out, this broad American conception of administration probably arises from our "form of government" in which the President, as chief executive, is given a range of duties that go far beyond "organization and management." This consideration takes us into the relationship between administration and policy, the subject of our next chapter.

SUMMARY

The actual processes or functions of administration have been described in a variety of ways in this chapter. They range from abstrac-

³¹ Sheldon: *Philosophy of Management*, p. 33.

³² Fayol: *Industrial and General Administration*, pp. 8-9.

³³ Leonard D. White: *An Introduction to the Study of Public Administration*. New York: The Macmillan Company; 1939, p. 6. See also W. H. Leffingwell: "The Present State of the Art of Office Management." *Bulletin of the Taylor Society*, April 1925, vol. 10, p. 97, and C. B. Going: *Principles of Industrial Engineering*. New York: McGraw-Hill Book Company, Inc.; 1911, p. 6.

³⁴ Reginald E. Gillmor: "The Ultimate Science." *Advanced Management*, June 1947, vol. 12, pp. 53-8.

tions like Gulick's POSDCORB to detailed time studies of the mundane tasks of administration as in the case of a city manager. The nature of administrative duties has been clarified further by Donald Stone's description of the pedestrian phases of administration. Between the administrative workday of Pope Pius XII and that of cabinet secretary William Redfield or corporation chairman Alfred P. Sloan, Jr. there is place for every conceivable type of undertaking.

These various functions, processes, activities, or duties are further described in this book under the three headings suggested by the final reading of Schulze and Sheldon: administration, organization, and management. One of the earliest attempts following that of Schulze to organize the material in the field of administration in a somewhat similar fashion was made by Professor Leon C. Marshall, Dean of the School of Commerce and Administration at the University of Chicago. In a summary chapter of his readings on *Business Administration*, under the heading, "Basic Features of Administration," Marshall suggested a three-fold breakdown in the following terms: "We have now reached a stage in our study where it is worth while to raise the general question of what is involved in administration. We are primarily concerned with business administration, but this general question may well be considered with public administration, school administration, and other possible forms of administration in the background of our thinking. Let us arbitrarily use the term administration to include (a) policy formation, (b) the planning and setting up of the organization, and (c) the running of the organization."³⁵

The concepts administration, organization, and management will be clarified in the remaining chapters of this book. Meanwhile, we will proceed in the following five chapters with the material devoted to administration proper. Since the over-all title of this book is also administration, the reader will note that we are using the term in two senses. First, administration is used in the broad sense to include organization and management. Secondly, administration is used as something separate from the techniques of management or the science of organization, that is, as the art of formulating programs or policies, whether these programs involve objectives regarding subject matter or operating policies regarding management itself.

To avoid this double usage we could, of course, coin a new term for the more comprehensive concept of administration. No acceptable term comes to mind unless we use a phrase entirely new like "social

³⁵ Leon C. Marshall, *Business Administration* (Chicago: The University of Chicago Press, 1921), p. 756.

engineering.”³⁶ In our concern with terms and definitions, however, we must not be led into what Henry Dennison, a generation ago, called the “pet Taylor Society distinction between administration and management.”³⁷ Every field of study involves conflicts over terminology and uncertainty over definition. Our main object is understanding rather than mere definition, and until a new terminology is adopted, it is more practical to retain the existing usage, however unstandard it may be. Nevertheless, in order to prevent confusion, the sense in which the term is being employed, especially when precise connotation is essential to the discussion, will be indicated.

What may be more disturbing to the reader at this stage of the discussion is the fact that while administration consists of such concrete duties as conferring, telephoning, inspecting, and corresponding, it also seems to involve a significant measure of program formulation or policy determination. But it is generally held that administration begins only when policy-making ends. This perplexing relationship between policy and administration is the subject of the next chapter.

³⁶ As early as 1909 William H. Tolman produced a work entitled *Social Engineering*. New York: McGraw Publishing Co.; 1909. It dealt, however, mostly with personnel management. The term *Social Engineering* was also used in 1931 by Paul W. Ward: *Intelligence in Politics*. Chapel Hill: University of North Carolina Press; 1931, p. 120. The scientific management term *human engineering* was used by Horace B. Drury: “Scientific Management and Progress.” *Bulletin of the Taylor Society*, February 1917, vol. 3, pp. 9, 17. Charles Merriam also used the term in “Government and Business.” *Journal of Business*, July 1933, vol. 6, p. 188. It had been used earlier by Dean Roscoe Pound of the Harvard Law School.

³⁷ Henry S. Dennison: “Who Can Hire Management.” *Bulletin of the Taylor Society*, June 1924, vol. 9, p. 106. See an earlier criticism of Schulze’s definition by H. S. Person: “On Mr. Schulze’s Definitions.” *Bulletin of the Taylor Society*, October 1919, vol. 4, pp. 47–8. Person recommended the use of the term *direction* “above” administration and management and the term *planning* below them. More than twenty years later, he repeated and refined his recommendation. H. S. Person: “Research and Planning as Functions of Administration and Management.” *Public Administration Review*, August 1940, vol. 1, pp. 67–8.

CHAPTER THREE

ADMINISTRATION AND POLICY

ANY attempt to define administration with precision involves consideration of the fine distinctions that have been drawn between the terms *administration* and *policy*. At what point are we to draw the line between the formulation of a political, economic, or social policy and the execution or administration of that policy? In the field of government, authorities consider the line of demarcation to be between the enactment of a law and its execution, but as Henry Taylor, a renowned nineteenth century British administrator, observed 'Wise men have always perceived that the execution of political measures is in reality the essence of them'¹

Many experts, however, find it necessary to divide and subdivide their subject matter before they can define and describe it. For this reason, practically all authorities on administration have tried to distinguish, with different degrees of success, between administration and policy. They sometimes refer to the distinction as one between policy making and policy-execution, or between legislative and executive powers, between law making and law enforcement, or between rule making and rule application, and sometimes they imperceptibly change terms altogether, shifting from the contrast between administration and policy to a contrast between administration and politics. In order to clarify the practical distinctions—or better yet, the actual relationships—that exist between these various aspects of policy and administration a dozen selections based largely upon American and

¹ Henry Taylor *The Statesman* Cambridge W. Heffer & Sons 1927 p. xxv

British experience with large-scale activity in public administration will be presented in this chapter.

1. THE DOGMA OF DIFFERENTIATING ADMINISTRATION FROM POLITICS AND POLICY

Since the nation's beginning, American statesmen have observed a differentiation between policy matters and administrative matters, but it was Woodrow Wilson who made one of the first dogmatic distinctions between politics and administration in the 1880's. As a college professor and university president, Woodrow Wilson dealt with the subject of government and public administration for twenty-five years before he became Governor of New Jersey in 1911, President of the United States in 1913, and founder of the League of Nations in 1919. Indeed, Wilson's political critics regarded him as an inspiring teacher and an effective college administrator, but a poor politician and an inept President. Whether Wilson deserves to be thus characterized is a question still being weighed on the scales of history. As a student of government, Wilson's abiding interest lay primarily in constitutional and political problems and only secondarily in the field of administration. His first article on political science, written while he was a college senior, dealt with "Cabinet Government in the United States"; it was published in the *International Review*,² the editor of which was, ironically, Henry Cabot Lodge, later to become the leader of the "willful band" of senators who defeated the proposal for American participation in the League of Nations. Wilson's first book, *Congressional Government*, published in 1885, was also more a political than an administrative treatise.

His first analysis of the field of administration was presented the next year, when, as a young college teacher, he prepared a paper, "The Study of Administration," published in the *Political Science Quarterly* in 1887. This paper, quoted below, was reputed to have formally launched the subject of administration as distinct from politics.³ Even before he went into politics, Wilson came to be deeply interested in the practical application of administrative skills. He was an advocate of civil service reform, and he was especially impressed with the "general manager" system of city government which originated in Staunton, Virginia, his own birthplace, and which was

² Woodrow Wilson: "Cabinet Government in the United States." *International Review*, August 1879, vol. 7, pp. 146-63.

³ See the authorities quoted by White: *Introduction to the Study of Public Administration*, p. 10

the forerunner of the widespread city manager system Wilson was thus a combination of political reformer and executive leader, scholar and statesman, politician and administrator How well did he fare in trying to interrelate, or rather to disentangle, politics from administration?

WOODROW WILSON

The Study of Administration'⁴

Public administration is detailed and systematic execution of public law Every particular application of general law is an act of administration The assessment and raising of taxes for instance, the hanging of a criminal the transportation and delivery of the mails, the equipment and recruiting of the army and navy, etc., are all obviously acts of administration but the general laws which direct these things to be done are as obviously outside of and above administration The broad plans of governmental action are not administrative, the detailed execution of such plans is administrative

This is not quite the distinction between Will and answering Deed because the administrator should have and does have a will of his own in the choice of means for accomplishing his work He is not and ought not be a mere passive instrument The distinction is between general plans and special means

Most important to be observed is the truth already so much and so fortunately insisted upon by our civil service reformers, namely, that administration lies outside the proper sphere of politics Administrative questions are not political questions Although politics sets the tasks for administration it should not be suffered to manipulate its offices The field of administration is a field of business It is removed from the hurry and strife of politics it at most points stands apart even from the debatable ground of constitutional study It is a part of political life only as the methods of the counting house are a part of the life of society, only as machinery is part of the manufactured product But it is at the same time raised very far above the dull level of mere technical detail by the fact that through its greater principles it is directly connected with the lasting maxims of political wisdom, the permanent truths of political progress

One cannot easily make clear to every one just where administration resides in the various departments of any practicable government without entering upon particulars so numerous as to confuse and distinctions so minute as to distract No lines of demarcation setting apart administrative from non administrative functions can be run between this

⁴ Woodrow Wilson 'The Study of Administration' *Political Science Quarterly* June 1887 vol 2 adapted from pp 209-13 The essay was reprinted in the *Quarterly* December 1941 vol 56 pp 481-506

and that department of government without being run up hill and down dale, over dizzy heights of distinction and through dense jungles of statutory enactment, hither and thither around "ifs" and "buts," "whens" and "however," until they become altogether lost to the common eye not accustomed to this sort of surveying, and consequently not acquainted with the use of the theodolite of logical discernment. A great deal of administration goes about incognito to most of the world, being confounded now with political "management," and again with constitutional principle.

On the basis of Wilson's essay a distinct separation was developed, not only between politics and administration, but also between policy and administration. This dichotomy dominated American thought in government and other administrative organizations for the next fifty years. Wilson drew a line of demarcation between politics and administration, but he was dubious about stretching this line across the "dizzy heights" and "dense jungles" of practical government. Those professors who accepted Wilson's essay as dogma did not discover until it was republished fifty years later, accompanied by his covering letter to the editor of the *Political Science Quarterly*, that Wilson himself did not regard his "paper" too highly. Wilson had admitted that he was merely presenting "a semi-popular introduction to administrative studies" and that "it goes critically round about the study, considering it from various outside points of view, rather than entering it and handling its proper topics."⁵

As a young and enthusiastic teacher of government, Wilson presented not so much a scientific definition of administration as a challenge to the great evils of the day, spoils in politics and the patronage system. President Garfield had been assassinated in 1881 by a disappointed office seeker, and in 1883 the Civil Service Reform Act, familiarly known as the Pendleton Act, was passed. But this act was merely a statutory beginning and like all laws required vigorous administration. For these reasons, not because of more universal and scientific considerations, Wilson proclaimed "the truth . . . that administration lies outside the proper sphere of politics." He was, of course, looking to the future effects of administrative reform; for, he pointed out, "Civil service reform is thus but a moral preparation for what is to follow. It is clearing the moral atmosphere of official life by establishing the sanctity of public office. . . . By sweetening its motives it is rendering it capable of improving its methods of work."⁶ Wilson had also pointed to this main issue in his previous book, *Congressional Government*, where he had urged "the drawing

⁵ Woodrow Wilson: Letter to Professor Edward Seligman, November 11, 1886. A facsimile appears with the reprinted article cited in footnote 4, above.

⁶ Wilson: "The Study of Administration," p. 210.

of a sharp line of distinction between those offices which are political and those which are non political. The strictest rules of business discipline of merit tenure and earned promotion, must rule every office whose incumbent has naught to do with choosing between policies."⁷

Wilson was not alone in advocating a clean cut separation of administration from politics. In 1879 Albert Stickney had argued in his *True Republic* that "public servants must have duties of only one class. The men in the executive administration should have nothing to do with general legislation, and the men who have to do with general legislation—the deliberating and deciding as to the policy of all departments of Government—should not meddle with the details of administration of any one department."⁸

Another of Wilson's contemporaries who was greatly concerned about the mixing or meddling of politics with administration was Professor Frank J. Goodnow, who later became President of The Johns Hopkins University. Goodnow formalized his conception of administration in 1900 in his aptly entitled book *Politics and Administration*. Goodnow's definition was similar to Wilson's, although he made the technical distinction which Wilson had rejected, between politics as "the expression of the will of the state" and administration as "the execution of that will,"⁹ but what was more important in Goodnow's concept of administration was the fact that he saw its wider implications in the long sweep of American history. "The use of the word administration," he pointed out, is unfortunately somewhat misleading for the word when accompanied by the definite article is also used to indicate "popularly the most important executive or administrative authorities," that is, the government of the day and the political leadership in the White House. Consequently although Goodnow like Wilson, felt constrained to make the distinction between politics and administration because of the contemporary "necessity of administrative efficiency," he also insisted that administration had constantly to be related to politics if government was to work successfully. He therefore asked and tried to answer the significant question which Wilson had avoided: "What parts of this function of administration should be subjected to the control of the function of politics?"¹⁰

There was little immediate reaction to Goodnow's queries as to

⁷ Woodrow Wilson *Congressional Government* Boston Houghton Mifflin Company 1885 p. 290.

⁸ Albert Stickney *A True Republic* New York Harper and Brothers 1879 pp. 195-6.

⁹ Frank J. Goodnow *Politics and Administration* New York The Macmillan Company 1914 p. 22.

¹⁰ Goodnow *Politics and Administration* pp. 22, 78-79.

relating, not merely separating, administration and politics. Wilson's well-phrased though somewhat ambiguous demarcation continued to be the accepted formula among many political scientists and most specialists in public administration.

2. ADMINISTRATION AS A SEPARATE BRANCH OF GOVERNMENT

W. F. Willoughby tried to give an even more separate status to administration, not merely by marking it off from politics, but by setting it up as a fourth branch of government, along with the legislative, the executive, and the judicial. Although this plan represented a radical departure from American constitutional theory, it was only an extended version of Wilson's separation of administration and politics or policy. After considerable experience as a Federal civil servant and as a consultant to the Chinese government before World War I, Professor Willoughby served for a period of sixteen years as Director of the Institute of Government Research at the Brookings Institution in Washington. He produced the studies quoted below while working at Brookings.

(a) W. F. WILLOUGHBY

✓ The Government of Modern States¹¹

In the threefold classification of governmental powers no recognition is given to Administration as a separate function or branch of government. In so far as any account at all is taken of this function in that classification, it is confused with, and treated as a part of, the executive function. To so great an extent is this true that the two terms "executive" and "administrative" are used almost interchangeably. This is exceedingly unfortunate since, as we shall see, the two terms should be employed as connoting operations which are distinct in character.

(b) W. F. WILLOUGHBY

Principles of Public Administration¹²

✓ The term "administration" may be employed in political science in two senses. In its broadest sense, it denotes the work involved in the actual conduct of governmental affairs, regardless of the particular branch of government concerned. It is thus quite proper to speak of the adminis-

¹¹ W. F. Willoughby: *The Government of Modern States*, p. 231. Reprinted by permission of Appleton-Century-Crofts, Inc. Copyright 1920.

¹² W. F. Willoughby: *Principles of Public Administration*, p. 1. Reprinted by permission of The Brookings Institution. Copyright 1927, The Brookings Institution.

tration of the legislative branch of government, the administration of justice or judicial affairs, or the administration of the executive power, as well as the administration of the affairs of the administrative branch of government, or the conduct of the affairs of the government generally. In its narrowest sense, it denotes the operations of the administrative branch only. It is in its latter, restricted, sense that the term is employed in the present volume.

(c) W F WILLOUGHBY

"The Science of Public Administration"¹³

Properly to understand this definition it is necessary to point out the distinctions that are implied in it. The first of these is that between administration and legislation strictly speaking. If the work of our so-called legislative bodies is analyzed it is found to fall into two distinct classes, one, the enactment of laws, properly speaking, which have for their purpose to determine and regulate the conduct of private citizens in their relations to one another and to the government, and, two, the determination, subject to constitutional limitations, of how the government, and particularly the administrative branch of the government, shall be organized, and what work shall be undertaken, how such work shall be performed, what sums of money shall be applied to such purposes, and how this money shall be expended. It is unfortunate that the same designation, "laws" or "statutes," is given to both classes of enactments through which expression is given to the determinations reached. The two have almost nothing in common.

The importance of this distinction from the standpoint of the science of administration is evident. When enacting statutes of the second character, our legislative bodies are acting precisely as a board of directors of a private corporation when such a board attempts the direction of the affairs of the corporation. They are, in fact, performing the functions of an administrative board and their acts, as such, are purely of an administrative character. It is certain that due appreciation is not had, either by legislators themselves, or by the general public, of the extent to which our legislatures are integral, and, indeed, dominating, parts of our administrative machinery. Misled by a loose use of terms, one usually thinks of all administrative powers being lodged in the executive branch of government. In point of fact real administrative authority, and primary responsibility for the conduct of the administrative affairs of the government, reside, under our political system, in the so-called legislative, rather than in the executive, branch of the government.

¹³ W F Willoughby "The Science of Public Administration" Selected from pp 42-44 John M Matthews and James Hart (eds.) *Essays in Political Science in Honor of Wesley Woodbury Willoughby* Reprinted by permission of The Johns Hopkins Press Copyright 1937, The Johns Hopkins Press

A second important distinction is that between executive and administrative powers. Here, also, confusion has resulted from a failure to distinguish between things which are essentially different. As commonly employed, the two terms "executive" and "administrative" are used as almost synonymous terms. The most striking illustration of this is the designation of the administrative departments of the National Government as "executive" departments. In point of fact these departments do not have an iota of executive authority. They are administrative departments pure and simple. With the exception, to a certain extent of the State, War, and Navy Departments, they are not even under the direction of the chief executive except in so far as Congress has seen fit so to provide. In the first organization of our governments, national and state, care was taken to make it clear that the President and the Governors should, in all cases, be given the executive power. This term "executive power" was not deemed, however, to be synonymous with, or even to include, administrative power. The latter power was, as has been pointed out, vested wholly in the hands of the legislature, and is today exercised by that branch of our governments through agents directed and controlled by it.

It is true that there has been a strong movement during recent years to emphasize the responsibility of the chief executive for administrative matters. This has come about, partly by administrative power being conferred by statute upon the President and Governors, and partly by these officers making use of their political powers to make their will prevail with respect to administrative policies and procedures.

Willoughby's recognition of administration as a fourth branch of government is the most extreme, but probably the most logical, result of the strict separation of administration and politics initiated by Wilson. Why stop with the differentiation of administration from politics or policy or law-making; why not make it an independent branch? Repudiating the constitutional interpretation of the Federalist to the effect that administration "falls peculiarly within the province of the executive department," Willoughby took the drastic position that separated administration from the executive branch as well as from the other branches of government. He made one important proviso, however, namely, that the legislative branch should dominate. Far from such executive subordination to the legislature, the historic trend of American constitutional practice, beginning with the Federalist period, had demonstrated the continued growth of the executive power in relation to Congress, interrupted only by such events as the controversy over reconstruction during the administration of Andrew Johnson.¹⁴

¹⁴ Leonard D. White: *The Federalists*. New York: The Macmillan Company; 1948, p. 78. Paul H. Appleby: *Policy and Administration*. University, Alabama: University of Alabama Press; 1949, p. 116.

Willoughby's distinction between the administrative and the executive branches might have been regarded as mere speculation, were it not for the fact that for a generation he impressed this view upon the students and staff at Brookings Institution. In 1937, President Roosevelt's Committee on Administrative Management reported its plans to strengthen under the chief executive's direction, the administrative management of the Federal government, but the Brookings view, held by Lewis Menham as well as by W. F. Willoughby, was urged upon Congress and virtually became that body's counter-conception of the original intention of the Constitution.

How can we explain this effort to reduce the administrative powers of the constitutional executive?

First, Wilson had separated administration from politics, and now Willoughby was virtually cutting it off from the executive who was the popularly elected political chief of the government. Willoughby revealed his reasons when in presenting his 'fourth branch' theory he explained: "It is now recognized that, if anything, a popularly controlled government is one which is peculiarly prone to financial extravagances and administrative inefficiency. It is now seen that our original conceptions regarding the separation of powers must be radically revised."¹⁵

Thus political scientists in the 1920's and especially specialists in public administration were still seeking to keep administration free from partisan or spoils politics even though spoils politics were beginning to disappear. The formula used in the 1920's was different, but the object was the same. Few political scientists have been willing to go to Willoughby's extreme in trying to keep administration free from popularly controlled politics. Nor were they willing to accept his radical departure from the established American view of the separation of powers. In the next generation Willoughby's 'fourth branch' theory was rarely accepted¹⁶ but Wilson's dualism of administration and politics was widely supported among American specialists in public administration. Among them was Professor John M. Pfiffner.

3 DISTINGUISHING ADMINISTRATION FROM POLITICS

As a faculty member of the School of Public Administration at the University of Southern California since 1929, Professor Pfiffner

¹⁵ Willoughby, *Principles of Public Administration* p. viii.

¹⁶ See Harvey Walker, *Public Administration in the United States* New York Farrar and Rinehart, 1937. Walker suggests that it may be "more satisfactory to add administration to the former three with a resulting recognition of four classes of governmental power." Pp. 3-4, 7.

helped to develop an independent curriculum for the field of public administration, and to extend his classroom and textbook knowledge widely among the public officials of Southern California. As an experienced teacher, researcher, and writer, Pfiffner combined his interest with an urge for precision in the exposition and clarification of administrative data and ideas. He sought persistently for a clean-cut definition of the concept of public administration, as the following reading shows.

JOHN M. PFIFFNER

Public Administration¹⁷

The friends and advocates of the new public administration are not blind to the ways of politics, for they have too often come in contact with its worst manifestations. Moreover, they are too intelligent and experienced to give even passing consideration to its elimination. Instead, politics is regarded as an inevitable and necessary part of the process of government. It must, however, be controlled and confined to its proper sphere which is the determination, crystallization, and declaration of the will of the community. Administration, on the other hand, is the carrying into effect of this will once it has been made clear by political processes. From these premises, therefore, is derived the keystone of the new public administration—the conclusion that politics should stick to its policy-determining sphere and leave administration to apply its own technical processes free from the blight of political meddling.

Let no apostle of political realism think that advocates of such a separation of powers are unaware of its doctrinaire pitfalls. They do not advocate that it be embalmed into constitutional breakwaters designed to stand for centuries, as was the classical threefold division into legislative, executive, and judicial functions. The desire is merely to establish a rule of action which will automatically determine, in most cases, whether a given matter is properly of legislative or administrative competence. There is no denial that in a considerable number of instances questions of policy will be closely intermingled with administrative action. Such a situation will be much more aggravated in some fields of activity than others.

Politics and administration cannot always be separated and isolated. The realization of this fact should not, however, vitiate the basic soundness of a gentleman's agreement, growing out of tradition, that one will not encroach upon the other in a meddlesome manner. The success to be attained in this direction will depend largely upon the extent to which partisan politics is kept out of administration, and upon the assurance of tenure given to technical and expert personnel. This will entail

¹⁷ John M. Pfiffner: *Public Administration*, selected from pp. 9–11. Reprinted by permission of The Ronald Press Company. Copyright 1935, The Ronald Press Company.

just as great an obligation for the administrative personnel to abstain from political controversy as for the political officers to keep hands off administration

In his revised edition a decade later, Pfiffner emphasized that in some instances politics and administration "are so intermingled and confused that a clear distinction is difficult", and he advocated that the line between the two should be shaded from black to various shades of grey finally merging almost imperceptibly into the white.¹⁸ Nevertheless, he adhered to the conclusion that "politics should stick to its policy determining sphere and leave administration to apply its own technical processes free from the blight of political meddling."

The "no meddling" point of view has continued to be commonly held by many of the authorities in political science and public administration since the 1880's. Professor John Vieg recently explained

The public service has much to gain and nothing to lose from observing the implications of the dichotomy of politics and administration. To the degree that administrative officials make clear by word and deed that they regard themselves principally as agents of policy, the public will be likelier to confine itself to the control of policy in the legislative area, leaving administration free to do its work without direct political interference.¹⁹

Thus the dichotomy developed Wilson's distinction between politics and administration came to be more generally referred to as one between policy and administration. A most widely quoted authority in this identifying the scope of public administration was Leonard D. White, although like Wilson he continued to point to the relationship between the two. White's *Introduction to the Study of Public Administration* flexibly presented the Wilson definition in the following terms: "In its broadest sense, public administration consists of all those operations having for their purpose the fulfillment or enforcement of public policy as declared by the competent authorities." Who are these competent authorities? In some cases they might be the administrators themselves, for White pointed out that "officials are concerned with the making of policy as well as its execution," and that "in the world of affairs a line between administration and that which is to be administered is often almost indistinguishable."²⁰ White has also helped to explain how the same

¹⁸ Pfiffner *Public Administration* (revised edition 1946) pp. 21-2.

¹⁹ Fritz Morstein Marx (ed.) *Elements of Public Administration* New York: Prentice Hall Inc. 1946 p. 9.

²⁰ White *Introduction* p. 3 (1939 ed.) White further explained: "For practical as well as technical reasons it is necessary to stop short of all human problems and human policies in an effort to clear one path through the field of public ad-

motivation for efficiency and non-partisanship, which impelled Wilson in the 1880's and influenced Willoughby in the 1920's, continued to favor the separation of administration from policy and politics. As part of President Hoover's survey of *Recent Social Trends*, published in 1933, White examined the remarkable achievements in the "more responsible and efficient conduct of public affairs" since 1900, explaining the trend on the basis of such factors as "the muckraking period of 1900-1910 . . . , the persistent agitation against the spoils system and for better municipal institutions . . . , the World War and the subsequent increase in public expenditures . . . , the financial burden of the immediate post-war period . . . , the depression . . . , [and the] great pressure for reduction of public expenditures and taxation."²¹

The drive for administrative efficiency was thus continued. For the specter of spoils politics there was now substituted the threat of fiscal profligacy. As a consequence, it was still advisable to cultivate an administrative art free from the forces of partisan politics mentioned by Wilson, and from the politics of "a popularly controlled government" as mentioned by Willoughby.

✓ 4. THE CHIEF EXECUTIVE AS CHIEF LEGISLATOR

In the 1920's, during a harsh period of post-war realism, a few American political scientists had begun research into what Charles E. Merriam called the *New Aspects of Politics*.²² While these specialists recognized the importance of the administrative art, they did not neglect some of the more significant realities of the political world. One of these political scientists was Howard Lee McBain. At the same time Willoughby was arguing at Brookings Institution that the chief executive should not preside over the administrative departments, Professor McBain, working at Columbia University, made the disturbing announcement that the President was not merely chief executive; he was chief legislator.

ministration." White's 1948 edition used a similar definition although the definitive sentence deleted the phrase "as declared by the competent authorities." See also his clarifying comments about policy in his interesting review of the work of Charles Jean Bonnin, a French scholar of the Napoleonic period: "The Just Official." *Public Administration Review*, Summer 1945, vol. 45, pp. 271-4.

²¹ Leonard D. White: *Trends in Public Administration*. New York: McGraw-Hill Book Company, Inc.; 1933, pp. 8-9. As early as 1926, in his first edition of *Introduction to the Study of Public Administration*, White had also pointed out: "The objective of public administration is efficient conduct of public business." P. 5.

²² Charles E. Merriam: *New Aspects of Politics*. Chicago: The University of Chicago Press; 1925.

HOWARD LEE MCBAIN

*The Living Constitution*²³

The prime function of the President is not executive at all. It is legislative.

True enough, the constitution vests 'all legislative powers' in Congress. It purports to withdraw the President from his major executive role and to put him upon the legislative stage in only three minor and exceptional roles. He may call Congress in extraordinary session, he may deliver messages, he may veto proposals of law which, if Congress is still in session, may be passed over his veto by a two thirds vote of each house. Popular demand for the appearance of the President in these lesser parts leaves him little time to star as Chief Executive. Politics has transformed his minor into his major role. The exceptions to his activities as Chief Executive are more important than the constitutional rule.

We hold him accountable for what he succeeds in getting Congress to do and in preventing Congress from doing. Once in office, except for considerations of the patronage which is politics rather than executive business, the time and thought of the President and his Cabinet are devoted far more largely to legislative than to executive matters. This is true even when Congress is not in session.

The President then is a Chief Legislator rather than a Chief Executive. Moreover, this results not only from the practice of politics but also from law. The constitution vests executive power in the President. But Congress vests executive power nearly everywhere except in the President. Whenever an office is created its powers and duties are determined by statute. The incumbents of executive offices look to the law, not to the President, for the source and scope of their authorities. Such statutes, it is true, make liberal use of the phrase 'subject to the direction and control of the President' but the day by day activities of the several branches of the administration are in fact carried on quite independently of the President.

To conceive the President as the general manager of a vast administrative organization with his hand of control resting day by day upon all of its ramifying parts is to imagine a vain thing. The interregnum which was all but complete during President Wilson's long illness offers proof enough if proof were needed. The executive wheels of government did not stop. Indeed, except for the extraordinary international situation and for the fact that the law requires the presidential signature upon many documents, little administrative difficulty or embarrassment was encountered.

Such is the nature of the American presidential system in action.

²³ Howard Lee McBain, *The Living Constitution*. Selected from pp. 115-20. Reprinted by permission of The Macmillan Company. Copyright 1927. The Macmillan Company.

To say that it embodies an "almost complete isolation of the executive branch from the legislature" is to look no further than the letter of the constitution. It is to ignore the fact that the dead bones of the fundamental law are quickened into being by the flesh and blood of politics.

In making the chief executive the chief legislator, McBain brought administration back into the field of politics and policy with renewed vigor. Others had seen this relationship not only in the Federal government, but in the states and cities as well, where aggressive governors and strong mayors were popularly expected to put a program through the legislature or the council, just as a forceful President was popularly expected to get action from Congress. Willoughby, several years before McBain, had recognized this relationship although he had decried it.²⁴ Moreover, the law-making process at practically all levels of American government is replete with evidence that administrative officers are expected to participate in policy-making. In the prevailing American business culture as well, managers and executives are frequently expected to "lead" their boards of trustees. In American organizational life, too, the executive secretary who cannot "carry his board with him" is generally regarded as ineffective. All good administrators at almost all levels of responsibility, whether they are chief executives, middle executives, or petty executives, watch pending legislation generally to see that it does not obstruct their administrative operations, and effective administrators generally have their own programs and legislation to push through their respective legislative bodies.²⁵ Governmental or administrative lobbying is sometimes frowned upon, but the administrator and his staff who will not, with discretion, do their share may soon find themselves without anything to administer. As McBain suggests, the chief executive is merely the chief legislator at the vortex of a policy-making process that not only permits but requires the participation of administrators at all levels of authority.

5. THE CHIEF EXECUTIVE AS CHIEF POLICY-MAKER

With the coming of the New Deal, the line between the executive and the legislative, and between administration and policy, first

²⁴ Willoughby: *The Government of Modern States*, pp. 245-6. Wilson had also made general reference to the president's "legislative and policy-making role" in "The Study of Administration," p. 212.

²⁵ See V. O. Key: *Politics, Parties, and Pressure Groups*. New York: Thomas Y. Crowell Company; 1947, pp. 702-10. For a revealing discussion of lobbying including "governmental lobbying," see Dorothy Detzer: *Appointment on the Hill*. New York: Henry Holt and Company; 1948, pp. 46, 50-3.

began to waver more seriously and then became more stabilized than in previous periods of American history—but only at the expense of an obvious incursion of “administration” into the “policy” zone. This readjustment was colorfully analyzed by Luther Gulick, who wrote the following when the New Deal was but a half year old

LUTHER GULICK

“Politics, Administration and the ‘New Deal’”²⁸

A major objective of American governmental reform is to “take administration out of politics.” Hardly a month goes by during which some one does not arise to demand that we “take the schools out of politics,” or it may be the health department, or tax administration, or the supervision of banking and insurance, or highway administration. But it is always the same tune and the same words, “take administration out of politics.”

And how do we proceed to take administration out of politics?

Thus far we have been dealing with “politics” in the vulgar sense as a part of the spoils system. But this is not the scientific nor the significant meaning of the word. In its true meaning, politics is action, action which has to do with the control of rulers. The politics of a government, the control of the direction of a government, has therefore been the supreme stake of revolution and reform since the dawn of history. The onward march of democracy has been the gradual extension of the right to participate effectively in this control to the ordinary men and women who are governed and served by government. This is what we mean by “self government.” In this true sense, politics cannot be taken out of administration nor administration out of politics, for surely no one desires to take away the control and leave rulers a free hand to do whatever they wish. This would be to turn back the clock and throw away the most precious prize that mankind has won through the years.

But how are we to distinguish between politics as the essential of democratic control and “politics” which is part of the spoils system?

If the state legislature passes a law requiring all apartment houses to have an automatic gas cut-off which will stop the flow of gas when a building catches fire, is this “politics” or politics? When the specifications of a city for sewer pipe are drawn so that only one manufacturer of a patented design can meet the requirements, is this “politics” or politics? When the tariff on aluminum is increased, or when the Congress votes to free the Philippines, are these “politics” or politics? Are the exclusion of immigration, the suspension of tax sales and mortgage foreclosures, the

²⁸ Luther Gulick, “Politics, Administration and the ‘New Deal,’” *Annals of the American Academy of Political and Social Science*, September 1933, vol. 169, selected from pp. 55, 59, 63, 65–6. Reprinted by permission.

closing of banks, or the approval of fictitious balance sheets for insurance companies "politics" or politics?

Into the midst of this situation has come the "New Deal." The New Deal is the decision of the Nation to have the government become the super-holding company of the economic life of America. The New Deal is politics; it is policy. Its success rests upon administration. The central fact of importance in this administration is the development and the enforcement of a master plan which will give central consistency to all the objectives, all the programs, all the organizations, all the procedures of the government. To achieve this end, there must be developed a new and revolutionary extension of the practice and theory of administration. We have not only to adjust our government and administration to the industrial and machine era, but also to adapt it to the new super-holding company revolution which has engulfed us.

The working arrangements of modern government are not so much the result of theory as of the process of trial and success. All the philosophies have been fashioned from these results, and most of the theories have done more or less violence to the facts, because they were put together by men and given currency by groups which had before them a limited set of facts and a definite objective. John Locke and Montesquieu were surrounded by the mechanisms of control of arbitrary power which had developed with the decay of feudalism, before the growth of political parties, general education, and democracy. They therefore thought that the tripartite division of powers and the system of automatic internal checks and balances was a final philosophical truth. At least, it did seem to give them the civil liberty and freedom from arbitrary power which at the time mankind ardently desired.

This freedom had been largely achieved when Woodrow Wilson and Frank J. Goodnow examined democracy. They were surrounded by spoils politics and governmental inefficiency in an age of technological specialization. They therefore divided all government into politics and administration, assigning to certain organs of government the functions of politics, of policy control, and reserving for other organs the expert task of execution of those policies. This theory is equally a product of time and desire.

We now face a new situation and a new necessity. The government is becoming and is apparently destined to remain, at least to a degree, the super-holding company of the economic life of the Nation. The fundamental new function which government assumes in this process is that of devising and imposing a consistent master plan of national life. This will require a new division of actual work, and therefore a new theory of the division of powers. While it is perhaps too early to state such a theory, it is clear that it will be concerned not with checks and balances or with the division of policy and administration but with the division between policy veto on one side and policy planning and execution on the other.

Gulick's theme was adopted by others. In 1936, there appeared E. Pendleton Herring's definitive work on *Public Administration and the Public Interest*, replete with evidence of administrative participation in policy making.²⁷ The next year, 1937, Marshall E. Dimock revived Goodnow's original conception under the new title of *Modern Politics and Administration* and described how the two processes of administration and politics or policy are "coordinate rather than exclusive."²⁸ By 1940, Carl J. Friedrich of Harvard University, reviewing the New Deal experience, finally declared the politics-administration dichotomy a "misleading distinction" which had become "a fetish, a stereotype in the minds of theorists and practitioners alike."²⁹

Although Gulick's suggestion of the planning concept was not widely adopted as synonymous with administrative policy making, it was a significant reminder to Americans that a related terminology of governmental powers was evolving elsewhere in the world, especially in the Soviet Union. The Russians were experimenting with a less orthodox method of classifying basic governmental functions, including the administrative. In one of the most detached and descriptive treatises on Russian management published in the United States, the Russian system was described as follows: "Soviet Law and literature try to distinguish current 'operative' functions—procuring and disposing of goods, hiring labor, supervising production—from 'planning' proper and, more generally, from 'directives' or policy making. In theory the manager of a single plant is confined to operative functions, while special government organs do the planning within general directives provided by the Party."³⁰ This system provided a division of functions similar to that recommended the previous year in the introductory issue of *Public Administration Review* by Harlow S. Person, one of the original American advocates of scientific management. Person was critical of our "constitution with its division of responsibilities and authorities and its checks and balances" and he advocated the introduction of concepts like *planning* as well as *direction*, *administration*, and *management*.³¹

²⁷ E. Pendleton Herring, *Public Administration and the Public Interest*, New York: McGraw-Hill Book Company, Inc., 1936.

²⁸ Marshall E. Dimock, *Modern Politics and Administration*, New York: American Book Company, 1937, p. 243.

²⁹ Carl J. Friedrich, "Public Policy and the Nature of Administrative Responsibility," Carl J. Friedrich and Edward S. Mason (eds.), *Public Policy*, Yearbook of the Graduate School of Public Administration, 1940, Cambridge: Harvard University Press, 1940, p. 5.

³⁰ Gregory Binstock, Solomon M. Schwarz, and Aaron Yugow, *Management in Russian Industry and Agriculture*, London: Oxford University Press, 1944, p. xvu.

³¹ Harlow S. Person, "Research and Planning as Functions of Administration and Management," *Public Administration Review*, Autumn 1940, vol. 1, p. 66.

Meanwhile, the country had entered a new phase of large-scale enterprise, namely, the emancipation of the European continent from the Fascist yoke. In the course of the vast military undertakings of World War II, millions of Americans came to know the same distinctions, now written in blood, between directives, plans, and operations.

6. POLICY-MAKING IN PUBLIC ADMINISTRATION

After World War II, as the country approached the mid-century, a more clarifying formula, if not a precise definition, was found for the relationship between the concepts of politics or policy on the one hand, and administration or management on the other. This formula was conceived without devising a new branch of government under the title planning or rejecting the existing American distribution of powers between the legislative, executive and judicial branches. One of the outstanding statements of the newer formula was presented by Paul H. Appleby. Appleby was a newspaper publisher until he became Assistant to Secretary of Agriculture Henry A. Wallace in 1933, Undersecretary of Agriculture in 1940, and Assistant Director of the Budget in 1944. In 1947 he became Dean of the Maxwell School of Citizenship and Public Affairs at Syracuse University, which had carried forward some of the ideas of training for the public service started by Charles Beard at the New York Training School for Public Service.

PAUL H. APPLEBY

Policy and Administration ³²

For purposes of this discussion, the government of the United States will be considered as operating through eight distinct processes—all political processes. The first process on the list is the Presidential nominating process. The second process is the general nominating process. The third process is voting—the electoral process. The fourth is the legislative process, involving everything that is done by legislative bodies. The fifth is the judicial process. The sixth is the party maintenance and operation process, exclusive of the making of nominations. The seventh is the agitational process, involving the organization and political use of other than party groups—petitioning, public comment, debate and demands.

The eighth is the administrative or executive process, involving everything done by agencies other than the legislative and judicial ones.

³² Paul H. Appleby: *Policy and Administration*, adapted from pp. 8, 10, 12, 20-1, 23, 27-30, 45-6, 76-7, 89-90, 92, 116. Reprinted by permission of University of Alabama Press. Copyright 1949, University of Alabama Press.

Administration is, within rather wide limits, the application of policy generally formulated in law. Successively the application is made more specific by policy formulations applied to particular publics, made still more specific by application to smaller publics, and finally to individual cases. Conversely, it is the formulation and application of policy in particular cases made more and more general at successively higher levels representative of successively larger publics, until at the highest executive level the President is representative of the whole American public. Administration is in very large measure these two processes carried on simultaneously.

A rough, popular separation between policy and administration is valid. It is not truly a separation, however, it is a kind of tentative delegation of power under which the public says, "We can not and will not bother with such matters as a general rule, we can attend well to only so much. But whenever we are much disturbed about something we are delegating to you we shall suspend the delegation." Congress, the President, the head of a Department, the head of a Bureau, the head of a Division and the head of a Section take similar positions, regularly exercising only those powers felt to be necessary to their respective general responsibilities, delegating everything else, and reserving the right to review any thing done under delegation.

It may be said that legislative bodies make very general policy and that administrators make policy by applying that general policy at successively less abstract levels. While there is truth in this, it is by no means uniformly valid. Claims bills regularly enacted in considerable number provide one familiar example of quite specific policy making by Congress. Eliminations of specific appropriations for single jobs provide another kind of example. One may recall, too, the Congressional spanking given to a recent Secretary of the Treasury for changing the pay of charwomen in the Treasury building without specific Congressional approval. The most novel developments in governmental form in our later history have been of a sort that would make possible a charge that Congress has encroached upon the Executive, rather than the other way around. The General Accounting Office as an arm of Congress has come to exercise a pervasive executive control as readily to be faced with a charge of unconstitutionality as the extreme instance of exercise of executive power. The most extreme exercises of policy making by executives have been admittedly unconstitutional or illegal, or highly questionable, actions by certain Chief Executives: the Louisiana Purchase by Jefferson and the Emancipation Proclamation by Lincoln are outstanding examples. Reassurance would seem to lie in the fact that no one of the actions most seriously questioned from constitutional or legal standpoints has been itself disapproved by the people at the time or in subsequent history.

If one wishes, then, to define policy as that which Congress decides, and administration as that which the executive branch does, policy and administration may be regarded as somewhat separated, and the

definitions, like so many others having to do with social processes, become rather meaningless. Similarly, within the executive branch, if policy is defined as decision-making at top levels and administration is decision-making and decision-application at lower levels, a kind of separation is achieved, but the definitions are not useful. The position taken in this discussion is that description is more appropriate than definition, that many types of decisions involving policy-making are and must be delegated as a usual thing, and that, on the other hand, almost any type of decision may become on occasion a matter for top-level consideration and determination.

A file clerk or a telephone operator is representative of government workers who are not normally policy-making; they are not administrative either. Yet there are occasions when file clerks or telephone operators contribute to policy-making. A very simple but vivid example of this process may be given. It is the story of a New York businessman, the vice president of an industrial company, who was told by the company's president to "run down to Washington and see the President." The errand had to do with a matter in which the President was certain to have a strong, personal interest. In Washington, the visitor called on the telephone, in succession, each of the persons on the White House staff whose names he had ever heard, but he could reach none of them. Knowing the nature of his business, I assured him that he would get an appointment with the President if he simply told his story to the girl on the White House switchboard. He did, and had a most interesting half-hour with the President. The operator said to herself, "I'd better tell the chief operator about this." The chief operator thought, "I'd better tell General Watson's secretary." The General said to himself, "It sounds as if the President will want to see him; I'd better check with the Boss." Policy often is involved in every step of such transactions.

The great distinction between government and other organized undertakings is to be found in the wholly political character of government. The great distinction between public administration and other administration is likewise to be found in the political character of public administration. As the same business is handled at successively higher levels it characteristically takes on successive increments in political character, increments in broad social applicability and total-governmental significance. As business begins to approach the levels occupied by political officers, it comes closer to being truly political business, and closer to the area of the partisan-political. While the vast bulk of the political process by which most of the government's business is handled is wholly non-partisan, civil servants working at high levels need to be able to work effectively with officials who have party responsibility and who have political responsibility to the party leader who is the Chief Executive. The adequate bridging of the non-partisan-political leadership to party leadership is a progressive phenomenon within the executive hierarchy, taking on acute aspects at very top levels and requiring there much more con-

sideration than is commonly given it. No sharp, hard and fast line exists between the civil service and the political officer level, none should exist.

The administrative hierarchy is an organ receiving messages of popular demands, many of them contradictory. It is an organ responding to such demands, reconciling them, and in the course of response injecting considerations of prudence, perspective, and principle, including regard for other popular demands and aspirations than those expressed in the chorus of the moment. All this is a political process, much of it completed within the area of administration.

Thus flexible concept of the essential interplay between administration and policy had been having a parallel development in American industry and business. As early as 1909, J. Shirley Eaton illustrated the interrelated "system of defined discretion" in each rank of the organization' in a field of study he called "railroad administration."³³ In a stimulating discussion before the Taylor Society in the 1920's, Henry S. Dennison described policy making as taking place "anywhere along the line."³⁴ In the 1930's professors of American business administration were beginning to wonder whether the distinction between policy and administration was a workable one.³⁵ At the very time the New Deal was, as described by Gulick, breaching the line between policy and administration, the General Motors Corporation, for reasons not unsimilar, recast the relationship between its management and its Board of Trustees, creating a "Policy Committee" and an "Administrative Committee" which consisted of overlapping membership.³⁶ Indeed, one of the most effective pictorial presentations of Appleby's thesis of the overlapping zones of policy making was contributed by Vice Chairman Donaldson Brown of General Motors in 1943.³⁷

In the social sciences, a similar trend of thought was occurring. For example, the psychologist Walter Van Dyke Bingham took the position in 1939 that every administrator and assistant administrator, "far down the line" no matter how explicitly the act of Congress may be worded, no matter how precisely his superiors have specified

³³ J. Shirley Eaton, *Education for Efficiency in Railroad Service*, U. S. Bureau of Education 1909, Bulletin No. 10, whole No. 420, p. 11.

³⁴ Dennison, "Who Can Have Management," p. 106. See the ideas of Mary P. Follett, our Chapter 11.

³⁵ John Calhoun Baker, *Directors and Their Functions*, Boston: Division of Research, Graduate School of Business Administration, Harvard University, 1945, pp. 14-7. Robert A. Gordon, *Business Leadership in Large Corporations*, Washington: Brookings Institution, 1945, pp. 51-2.

³⁶ General Motors Corporation, "Financial Statement, March 31, 1937, Annual Report for the Year Ended December 31, 1937," pp. 37-8.

³⁷ Donaldson Brown, "Industrial Management as a National Resource," Reprinted in *The Conference Board Management Record*, April 1943, vol. 5, p. 145.

the program," possesses a "zone of latitude within which his own philosophy, his own basic policies are determinative."³⁸ Similarly, the political scientist Charles Merriam declared: "Within the circle of larger policy, (the manager) develops smaller areas of policy of his own."³⁹ Other authorities like Herbert A. Simon designated the whole process as one of "decision-making," regardless of its policy or administrative nature.⁴⁰ Still other teachers of political science like G. Homer Durham accepted the concept of "administrative politics";⁴¹ V. O. Key wrote on the subject of "Administration as Politics";⁴² and finally, in 1945, Professor J. Donald Kingsley, after an interesting administrative experience on the White House staff, accepted the thesis later clarified by Appleby, and announced: "Administration is a branch of politics."⁴³

After a review of this "rise of heterodoxy," Professor Dwight Waldo concluded that the separation between politics and administration had become an "outworn credo."⁴⁴ Yet the issue is a historic one and will continue to be debated. Although the framers of the Constitution helped to construct, in the device of the chief executive, a unique bridge between politics or legislation and administration or management, the Federalists continued to be disturbed by the problem. James Madison, furthermore, "saw some difficulty in drawing the exact line between subjects of legislative and ministerial deliberations, but still such a line most certainly existed."⁴⁵ The search went on, but no more fruitfully during the Federalist period than later. In one of the frequent debates on congressional versus executive power to lay out post roads, Congressman Theodore Sedgwick from Massachusetts declared "that it was impossible precisely to define a boundary line between the business of Legislative and Executive; but from his own experience, as a public man, and from reflection, he was induced to believe, that as a general rule, the establishment of principles was the peculiar province of the former, and the execution of them, that of the latter. He would, therefore, at least, generally, as

³⁸ Walter Van Dyke Bingham: "Administrative Ability, Its Discovery and Development." Society for Personnel Administration, 1939, pamphlet No. 1, p. 4.

³⁹ Merriam: *Systematic Politics*, p. 149.

⁴⁰ Herbert A. Simon: *Administrative Behavior*. New York: The Macmillan Company; 1947.

⁴¹ G. Homer Durham: "Politics and Administration in Intergovernmental Relations." *Annals of the American Academy of Political and Social Science*, January 1940, vol. 207, pp. 1-6. Albert Schäffle used this term in 1897; see below, p. 71.

⁴² Key: *Politics, Parties, and Pressure Groups*. Chapters 7, 23.

⁴³ J. Donald Kingsley: "Political Ends and Administrative Means: The Administrative Principles of Hamilton and Jefferson." *Public Administration Review*, Winter 1945, vol. 5, pp. 87-9.

⁴⁴ Waldo: *The Administrative State*, p. 122.

⁴⁵ *Annals of The Congress of The United States*, November 19, 1792, volume 3, p. 699.

much as possible, avoid going into detail" ⁴⁶ This statement is not a model of clarity, but it expresses pragmatically the American way of handling the difficult problem of relating policy and administration

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7 THE POLICY ROLE OF BRITISH ADMINISTRATORS

The British long ago recognized the administrator's responsibility for policy matters. The theory of the separation of powers between the executive, legislative, and judicial, which is the constitutional basis for the American demarcation between policy and administration does not however dominate English administrative thought. As a matter of fact, the English abandoned the theory even before the framers of the American constitution, belatedly influenced by the writings of Charles Montesquieu 'borrowed' it from England. "Instead of the threefold executive, legislative and judicial powers, the trinity of powers which best describes the British Parliamentary system is Crown, Cabinet and Civil service, and since all three of these share both policy making and administrative functions, the American dichotomy is not entirely applicable to England."

The duties of "the administrative class" are officially recognized to be primarily those concerned with the formation of policy. ⁴⁷ Sydney and Beatrice Webb the venerable couple of British politics, went so far as to admit in their *Constitution for the Socialist Commonwealth of Great Britain*. "The Government of Great Britain is in fact carried on not by the Cabinet, nor even by the individual ministers but by the Civil Service."

Particularly cognizant of the policy powers of the higher administrative class are the ministers or the members of the Cabinet, who, in addition to being members of Parliament, also supervise the particular department in the name of the current government. Regardless of party they adhere to the traditional pattern of ministerial relations to the Civil Service, on both policy and administrative questions. This adherence is clearly demonstrated by the common

⁴⁶ *Annals of the Congress of the United States* volume 3 December 7 1791 p 239. See also White *The Federalists* p 52.

⁴⁷ Madison criticized this error of the oracle Montesquieu concerning the British constitution. *The Federalist* No 46. See F T H Fletcher *Montesquieu and English Politics 1750-1891* London Edward Arnold and Company 1939 pp 272-3. Ramsay Muir *How Britain is Governed* Boston Houghton Mifflin Company 1935 pp 20-21.

⁴⁸ *Parliamentary Papers* Report of the Civil Service National Whitley Council Reorganization Committee Feb 17 1920 Sec 43.

⁴⁹ Sydney and Beatrice Webb *Constitution for the Socialist Commonwealth of Great Britain* London Longmans Green and Company 1910 p 67.

position adopted by such diverse political leaders as (a) the Conservative Austen Chamberlain, and (b) the Socialist Herbert Morrison.

(a) AUSTEN CHAMBERLAIN

"Civil Service Traditions"⁵⁰

It is a mistake to suppose—and I hope it always will be a mistake to suppose—that the civil servant governs this country. It is no doubt true, as the late Sir William Harcourt said on some occasion, that a government of civil servants would be a very able and a very efficient government, but then, as he added, they would all be hanged to the lamp posts before the end of six months. It is the business of the Civil Service to have at the service of the Ministry all past experience. We Ministers arrive full of ideas which we believe to be novel, as novel as they are excellent; we are only astonished that our predecessors have never thought of them, and our only anxiety is lest someone should publish them before our Bill is out. Then the civil servant says, "Oh yes, oh yes, I think before you do that perhaps you had better see a memorandum which was written in 1914 on that subject, or the observations which we made for your predecessor when he put forward the same proposal and which induced him to drop it." That is the first stage. The second stage is to present to the Minister such constructive suggestions as they can develop out of their experience to meet his policy. I remember an argument with one distinguished civil servant who was head of the Post Office when I was Postmaster-General, in which, through a long hour, he sought to dissuade me, from doing that which I thought it was expedient to do. I now knew the worst, and rightly or wrongly I persisted in my opinion, and expressed my intention of carrying it out. And then my eminent friend discharged the second valuable function of the civil servant. "Well," he said, "if you will do a silly thing, of course you must, but is it essential to you to do it in that silly way?" And having done his utmost to dissuade me from doing it, he then showed me how to do it with the least friction and the smallest disadvantage.

(b) HERBERT MORRISON

Socialisation and Transport⁵¹

The popular fiction that the civil servants are anxious to foist their own policy upon Ministers is not true in my experience. The civil servants like their Minister to do well; they feel personally humiliated if

⁵⁰ Austen Chamberlain: "Civil Service Traditions." *Public Administration*, January 1930, vol. 8, pp. 3-4. Reprinted by permission. This selection is part of Chamberlain's Inaugural Address as President of the British Institute of Public Administration for the session 1929-30. The full title is "Civil Service Traditions and the League of Nations."

⁵¹ Herbert Morrison: *Socialisation and Transport*. London: Constable & Co.; pp. 106-07. Copyright 1933, Constable & Co. Reprinted by permission.

he makes blunders they take enormous pains to give him all the facts and to warn him against pitfalls. If they think the policy he contemplates is wrong they will tell him why but always on the basis that it is for him to settle the matter. And if the Minister, as is sometimes the case, has neither the courage nor the brains to evolve a policy of his own they will do their best to find him one for after all it is better that a department should be run by its civil servants than that it should not be run at all.

It was my task to change the policy which had so far been pursued by the Ministry of Transport. We argued it all out, we examined all the snags which the civil servants found for me and which I found for my self in plenty but at the end of the discussions when I made it clear what the policy was to be the civil servants not only gave of their best to make my policy a success but nearly worked themselves to death in labours behind the scenes in the conduct of various secondary negotiations and in the handling of the Bill before the Joint Select Committee of Lords and Commons—where there were only three Labour Members out of a total membership of ten.

Responsibility for policy rests upon Ministers whether they are weak or strong and it is important that the civil servants should be the instruments and not the masters of policy. They would have been just as loyal to a Conservative Minister and that is well.

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The accepted British view therefore would seem to be that administration is the handmaid of policy. The administrator, as the expert adviser to the political leader must under the British system, be on tap and never on top.<sup>53</sup> he must as G. D. H. Cole has remarked put his politics in his pocket.<sup>54</sup>

In his eulogy of Austen Chamberlain as an ideal minister in so far as the relationship between administrators and politicians was concerned another British statesman and educator, Eustace Percy, explained. Without intimate give and take between minister and permanent official neither would discharge his proper responsibility the minister for what to do, the civil servant for how to do it. That distinction was in the last resort clear, upon its maintenance rested the whole structure of government, but it must also allow for every gradation of advice and argument before the final issue was reached.<sup>55</sup>

Charles Chris. A Note on Administrative Principle. *Public Administration* January 1932 vol 10 p 95.

<sup>53</sup> Edward McCl esmi. *Saint Political Institutions a Preface* New York D Appleton Century Company 1938 p 325.

<sup>54</sup> G. D. H. Cole. *Reconstruction in the Civil and Municipal Services*. *Public Administration* January-June 1942 vol 20 p 3.

<sup>55</sup> Eustace Percy. *Austen Chamberlain*. *Public Administration* April 1937 vol 15 p 126.

## 8. THE ADMINISTRATIVE CLASS AND BRITISH POLITICS

These subtle gradations of "advice" by a strongly entrenched and a highly respected "administrative class" can be more decisive and perhaps more dangerous than Chamberlain and Morrison were ready to admit. This was the viewpoint of Harold J. Laski, professor at the London School of Economics and Political Science, a leading policymaker for the Labor Party, and a frequent guest lecturer at American universities.

### (a) HAROLD J. LASKI

#### Parliamentary Government in England<sup>56</sup>

You cannot ask an able man to concern himself with questions like education, public health, factory legislation, safety in mines, without two consequences following. To ask him to discover facts is to ask him to indicate conclusions; and the very fact that he reports conclusions necessarily indicates a theory of action. There is not, I think, as some of the critics of the civil service have suggested, a conscious lust for power on the part of those who direct it. Those who govern it [the British civil service] belong, effectively, to the same class that rules the House of Commons. Largely, they go to the same schools and universities; after admission to the service, they belong to the same clubs. Their ideas, or rather, the assumptions upon which their ideas rest, are the same as those of the men who own the instruments of production in our society. Their success, as a civil service, has been mainly built upon that fact. Their ideas of the margins of possible action are much the same as those of the ministers who have been responsible for their decisions. There is little or nothing in the experience they bring to the interpretation of their environment which would lead them to question the assumptions upon which our system rests. The neutrality of the civil service has not yet been tested by the need to support a policy which, like that of a socialist party, might well challenge the traditional ideas for which it has stood.

I do not for a moment suggest that the civil service would not meet such a test with adequacy; I note only that, so far, the need to meet it has not arisen. The real problems will only begin to emerge when this is not the case. Would Sir Maurice Hankey, for example, who has testified before a Royal Commission that he believes the nationalization of the armaments industry would be a "disaster," be able easily to collaborate with a Labour government determined upon that policy? Would a Treasury which has been so continuously hostile to a big policy of public

<sup>56</sup> Harold J. Laski: *Parliamentary Government in England*. Selected from pp. 260-1, 265-6. Reprinted by permission of The Viking Press, Inc. Copyright 1938, Harold J. Laski.

works be able easily to collaborate with a Cabinet which had no sympathy with its hostility? Would a Foreign Office so largely responsible for the Hoare Laval proposals [Anglo French support of Mussolini in the Ethiopian Dispute, 1935-1936] be able to put all its mind and heart behind a minister who built his whole policy upon the socialist interpretation of the principles of collective security?

(b) HAROLD J. LASKI

"The Education of the Civil Servant"<sup>57</sup>

No one who has seen the collaboration of the higher Civil Service and ministers at first hand will be inclined, except in service to a theory, to argue that it is adequately described as a relation between a superior and his subordinates. Ministers, no doubt, have the final word, but that finality is the outcome of a complex process in which the relevant influences are both too numerous and too intricate to be described by a single category. In pure constitutional principle, no doubt, Sir Eyre Crowe [Assistant and Permanent Undersecretary for Foreign Affairs, 1912-1925] took his orders from Lord Grey [Foreign Minister, 1905-1916], but I do not think any careful student of Sir Eyre Crowe's remarkable memoranda would accept the constitutional principle as a final summary of their relationship.

After the overwhelming Labor Party victory following World War II, it was still not certain that an "administrative class" suspected of wearing the old school tie of the more favored rulers of British society could be trusted to enforce a socialist program. The political commentator C. M. Woodhouse concluded "Socialism means neither more nor less than government by permanent officials" and that "the Labour Party is in process of abolishing [the power of the permanent official] not by overwhelming it, but by giving way to it."<sup>58</sup> With regard to foreign affairs, Laski's reference to Sir Eyre Crowe brings to mind one of the most dramatic cases of this sort of administrative politics. Crowe, an austere civil servant in the British Foreign Office, not only directed the course of British policy toward Germany before World War I,<sup>59</sup> but after the war was instrumental in unmaking the first Labor Government over its Russian policy in

<sup>57</sup> Harold J. Laski, "The Education of the Civil Servant," *Public Administration* 1943, vol. 21, selected 1000 p. 15. Reprinted by permission.

<sup>58</sup> C. M. Woodhouse, "The Politician in Eclipse," *The Nineteenth Century and After*, June 1948, vol. 143, p. 312.

<sup>59</sup> Sidney Bradshaw Fay, *The Origins of the World War*, New York: The Macmillan Company, 1929, vol. 1, p. 15, vol. 2, pp. 357, 380, 387, 492, 501, 536.

a situation which came to a head during the famous Zinoviev incident of 1924.<sup>60</sup>

## 9. POLICY-MAKING AND ADMINISTRATION IN FOREIGN AFFAIRS

In the field of foreign policy-making we find many glaring cases of administrative domination or administrative sabotage which call for both careful use and careful control of the powers of civil servants. The British had ample opportunity to learn this lesson in the making of their colonial policy during the long era of imperialism. Colonial records reveal how severe seventeenth century colonial administrators dealt irresponsibly with the American colonies.<sup>61</sup> When, in the nineteenth century, Britain was in danger of losing her Canadian possessions, the official "Report on the Affairs of British North America" by Lord Durham complained that the actual management of the colonies was in the hands of "the permanent but utterly irresponsible members of the [Colonial] office." Charles Buller, the keenly observant Secretary of the Durham Mission to Canada and a member of the Parliamentary Radical Party during the British reform period of the 1830's, dubbed this type of dictatorial official "Mr. Mothercountry" in his remarkable plea for "Responsible Government for Colonies."<sup>62</sup>

In the United States, too, there seems to be a reluctance to interfere with permanent officials in the diplomatic field. This practice is based, no doubt, upon the customary need for consistency and continuity which characterizes the realm of diplomacy. However, the problem is no longer one of mere diplomatic consistency or academic distinction between policy and administration; here are involved the tremendous stakes of war and peace and of life and death for vast numbers of people. The actual workings of diplomacy in terms of day-by-day decisions in the field of foreign affairs has been clearly described by Frank Snowden Hopkins, Assistant Director of

<sup>60</sup> United Kingdom: *Parliamentary Papers*, "Report of the Board of Enquiry appointed by the Prime Minister to investigate certain statements affecting Civil Servants," Cmd. 3037, Feb. 1928. Ibid., "Minutes by the Lord Commissioners of his Majesty's Treasury and the Secretary of State for Foreign Affairs on the Report of the Board of Enquiry appointed by the Prime Minister to investigate certain statements affecting Civil Servants," Cmd. 3038, Feb. 1928. N. P. Coates; "The Zinoviev Letter, the Case for a Full Investigation." London, 1928, 27 pp. pamphlet.

<sup>61</sup> A. Lawrence Lowell: *The Government of England*. New York: The Macmillan Company; 1926, vol. 1. p. 177.

<sup>62</sup> Reprinted in E. M. Wrong: *Charles Buller and Responsible Government*. London and New York: Oxford University Press, 1926, pp. 85-170.

the Foreign Service Institute in the State Department of the United States Hopkins was convinced that the central problem of the Foreign Service is not the quality of the personnel but the way the service is administered.' He had in mind specifically the question of how policy and administration clash and mesh in terms of both the daily operations and the long range objectives of the State Department.

#### FRANK SNOWDEN HOPKINS

##### A Suggested Approach to the Problem of Improving the Administrative Efficiency of the Department of State <sup>63</sup>

In a proper distribution of responsibilities policy making and over all planning are the responsibilities of the people at the top. The carrying out of policies is the job of subordinates. To put this principle in capsule form policies are made at the top, operating decisions are made further down. But if policies are not made at the top because the people at the top are too busy to make them then many operating decisions cannot be made further down the chain of command, because the people lower down do not have any clearcut policies to guide them in making decisions. The result then is that these decisions have to be referred upward and the busy people at the top have even more decisions to make and are busier than ever. The only way to deal with this congestion at the top is for the people at the top to put their time on making policies, and to refer operating decisions downward to the lowest level on which they can be made effectively.

In the case of the Department of State and of diplomatic organizations generally something quite different is true. In the modern world the Secretary of State participates personally in diplomatic negotiations. His principal assistants personally participate in the technical problems of day to-day diplomacy. The technical problems of diplomacy are so urgent, so pressing and so difficult that there is a tendency for all the abler people to concentrate on them. The very persons who must perform executive functions because they head up important branches of the Department's organization are so busy with their technical functions that they cannot find time for executive leadership.

The result of such a log jam is that in desperation people lower down in the organization, under pressure to get necessary things accomplished start making decisions themselves anyway, decisions which are really policy decisions because when they are taken they begin to have an effect on policy. This condition is recognized in the Department by the saying that 'policy is made on the cables.'

<sup>63</sup> Frank Snowden Hopkins. A Suggested Approach to the Problem of Improving the Administrative Efficiency of the Department of State. *The American Foreign Service Journal* April 1946 vol 23 adapted from pp 14-52. Reprinted by permission.

In other words, day-to-day decisions are made which add up to a determination of policy. Instead of policy being made first, decisions are made first; instead of policy governing decisions, decisions govern policy; instead of people at the top making policy, while people at the lower levels made decisions, top executives make both policies and decisions on some matters, while subordinates make both policies and decisions on others. The sad truth is—and it may as well be faced frankly—that in the Department of State as it is organized today, too many operating officials are attempting to make policy. What everyone must realize is that when policy-making becomes a free-for-all, no one person's policy is likely to prevail, and every one with ideas is doomed to frustration. The usual outcome of policy-making on the operating level is thus something which is satisfactory to no one. On the other hand the line officer can actually work more creatively if there is clear direction from above, because he can operate with authority and with freedom from opposition. The proper role of the officer with strong convictions about policy is not to try to make his ideas prevail on the operating level, but to try to get them adopted by policy-making top executives.

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The somewhat uncontrolled situation described by Hopkins was especially apparent in the immediate post-war period during the transition in the leadership of the State Department from Cordell Hull to James Byrnes. For example, a deep split among State Department personnel was revealed on such fundamental questions as American policy toward the remaining pro-Fascist nations. As described colorfully by a popular newspaper columnist: "Jimmie Byrnes wasn't fully aware of it while abroad, but his top State Department aides have been carrying on more feuds in his absence than Cordell Hull's Tennessee mountaineers."<sup>64</sup> To curtail this internecine conflict as well as policy-making "on the cables," General George Marshall who succeeded to the Secretaryship of the Department in January 1947, appointed a Policy Planning Staff and strengthened the Department's Executive Secretariat. But the imposition of international operational duties as well as foreign policy-making upon the State Department as a whole continued to cause so much difficulty that the Hoover Commission on Organization of the Executive Branch of the Government was led to conclude in 1949 that these practices "contribute to the low esteem in which the State Department is held in the eyes of Congress, the press, the general public, and, indeed, of many of its own personnel."<sup>65</sup>

Hopkins's advice to administrators in the State Department is

<sup>64</sup> Drew Pearson's syndicated newspaper column, October 20, 1946.

<sup>65</sup> The Commission on Organization of the Executive Branch of the Government. "Foreign Affairs," Feb. 1949, p. 16.

valid not merely in the realm of foreign affairs, but in all functions of government and business and at all levels of administrative responsibility. In accordance with this view, executives or administrators have a distinct responsibility in relation to policy, but in exercising that responsibility, they must refrain from acting in violation of already established policies even if they believe these policies to be wrong. If there are no established policies to guide them, they must help to get such policies established or they will find themselves making unrelated and uncorrelated decisions on the cables'. As to existing policies which the administrator does not like, he must know when to criticize them and when to abstain from criticism, when to act and when not to act. If inaction hurts his conscience or pride or sense of achievement his job is to change his chief's mind instead of engaging in administrative manipulation of his own.

The superior policy makers and the higher administrators on the other hand have the responsibility of giving heed to their staffs and advisers and even of encouraging among their subordinates the expression of different opinions. For superiors to discourage entirely the expression of dissent within their own organization is as questionable a procedure as unfettered and independent decisions by subordinates on the cables. In a democracy which seeks constantly self-corrective policies the experts administrators, managers, technicians and specialists should within the rules of the game and the confines of their official responsibility, be encouraged to speak up rather than remain quiet.<sup>66</sup>

## 10 A SCIENTIFIC ANALYSIS OF THE RELATIONSHIP BETWEEN ADMINISTRATION AND POLICY

How shall we summarize these controversial questions concerning the relationships between administration and policy? A useful suggestion comes from the writings of two outstanding European professors of social science (a) Albert Schaffie, a member of the Austrian Cabinet in the 1870's and (b) Karl Mannheim, who left Germany for England during the Nazi regime.

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<sup>66</sup> This consideration touches on the question of administrative neutrality and loyalty. See David M. Levitan, 'Neutrality of the Public Service', *Public Administration Review*, Autumn 1942, vol. 2, p. 323. Also Roger S. Abbott, 'The Federal Loyalty Program: Background and Problems', *American Political Science Review*, June 1948, vol. 42, pp. 486-99. Special reference is made to the State Department, pp. 498-9. See also Carol Kilpatrick, 'Washington Worry Go Round', *48 Magazine*, March 1948, vol. 2, pp. 126-32.



## (a) ALBERT SCHÄFFLE ✓

"The Scientific Conception of Politics"<sup>67</sup>

Each of the infinitely varied aspects of the state actually has two sides which overlap but which should be kept apart for practical and theoretical purposes: the side of equilibrium, tradition or continuity, and a second side of fluidity, growth, change and decisions to face unique situations. One may call the first administration, and the second politics.

The mass of an official's work is the taking care of current business, legally and technically established in accordance with tradition. As a rule the officials are not politicians nor do they imagine themselves to be statesmen. Yet to a certain degree and in some cases the official is called upon to carry on politics, namely when he calls the attention of higher authority to certain needs, when he picks out the best solution to achieve a sound goal, when he mediates between contradictory interests.

On the one hand, the established bodies of the state use firmly established rules which can be applied to more or less regularly recurrent routine cases. On the other hand, governmental experience proves that the will of the whole cannot be established in advance for all times. For each individual case, there cannot be a positive law in advance which covers all details. A pure mechanical routine of the State is impossible. If the administration of criminal justice, for example, were to proceed dutifully without politics, there would be no law of mercy. Similarly it would be fatal to have a strictly mechanical administration of the army. Particularly the so-called inner administration of new institutions requires some politics among the executive officials beside the mechanical service, in order to reconcile contradictory interests. In Austria this process is therefore called "political administration."

## (b) KARL MANNHEIM ✓

"The Prospects of Scientific Politics"<sup>68</sup>

It must be admitted that the boundary between the two classes is in reality rather flexible. For instance, the cumulative effect of a gradual shift of administrative procedure in a long series of concrete cases may actually give rise to a new principle. Or, to take a reverse instance, something as unique as a new social movement may be deeply permeated with

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<sup>67</sup> Albert Schäffle: "Über den Wissenschaftlichen Begriff der Politik." *Zeitschrift für die Gesamte Staatswissenschaft*; 1897, adapted from pp. 579-600. Translated by the author with the assistance of Dr. Melvin Valk.

<sup>68</sup> Karl Mannheim: "The Prospects of Scientific Politics." *Ideology and Utopia*. Adapted from pp. 101-04. Translated by Louis Wirth and Edward A. Shils from Mannheim's *Ideologie und Utopie* (1929). Reprinted by permission of Harcourt, Brace and Company. Copyright 1936, Harcourt, Brace and Company.

'stereotyped' administrative and routinizing elements. The expression 'settled routinized elements' is to be regarded figuratively. Even the most formalized and ossified features of society are not to be regarded as things held in store in an attic to be taken out when needed for use. Nevertheless, the contrast between the 'routine affairs of state' and 'politics' offers a certain polarity which may serve as a fruitful point of departure.

If the dichotomy is conceived more theoretically, we may say. Every social process may be divided into a rationalized sphere consisting of settled and routinized procedures in dealing with situations that recur in an orderly fashion, and the "non rational" by which it is surrounded. We are, therefore, distinguishing between the "rationalized" structure of society and the 'non rational' matrix. A further observation presents itself at this point. The chief characteristic of modern culture is the tendency to include as much as possible in the realm of the rational and to bring it under administrative control—and, on the other hand, to reduce the "non rational" element to the vanishing point.

Rationalized as our life may seem to have become, all the rationalizations that have taken place so far are merely partial since the most important realms of our social life are even now anchored in the non rational. Our economic life, although extensively rationalized on the technical side, and in some limited connections calculable, does not, as a whole, constitute a planned economy. Our social structure is built along class lines, which means that not objective tests but non rational forces of social competition and struggle decide the place and function of the individual in society. Dominance in national and international life is achieved through struggle, in itself non rational in which chance plays an important part. These non rational forces in society form that sphere of social life which is unorganized and unrationalized, and in which politics becomes necessary.

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This flexible conception of policy and administration has been adopted by other scholars,<sup>69</sup> but Mannheim's incisive idea of polarity is a particularly useful one when supplemented by the recent American conception of overlapping zones of policy responsibility. Re stated briefly, the suggestion is that all decisions fall somewhere between the two poles of (1) the routine, administrative, or rational, and (2) the unique, political, or non rational, and that somewhere along this scale, men locate their position at any given time and place, thus combining some degree of routine and control with the

<sup>69</sup> Max Weber *Wirtschaft und Gesellschaft* (Tubingen 1922) referred to in H. H. Gerth and C. W. Mills *From Max Weber: Essays in Sociology* New York: Oxford University Press 1946 p. 53. J. H. Van Deventer 'How to Develop Executive Ability' *Industrial Management* Oct. 1920 vol. 60 pp. 260-64 quoted by Leon C. Marshall *Business Administration* Chicago: University of Chicago Press 1921, pp. 810-12. B. W. Walker Watson 'The Elements of Public Administration, a Dogmatic Introduction' *Public Administration*, Oct. 1932, vol. 10, p. 399.

unique and creative aspects of life. It is a scale along which men move, not a mold in which their lives are irrevocably cast.

This idea does not mean that the manager of routinized or rationalized affairs does not undertake unique or important assignments. Nor does it mean that routine or systematic work cannot have creative aspects. Obviously, the human urge is to be unique and creative, but at the same time a drive to be systematic or rational exists. The danger is that one may, in his administrative methods, be rational but for non-rational or irrational purposes, and the result is that instead of being creative, one is destructive. Consequently, effective administration can be dangerous, for sometimes the means do not justify the ends any more than the ends justify the means. Social scientists like Mannheim have recognized the dangers of such "rationality," and they have therefore distinguished between "functional rationality" with respect to technique or administration, and "substantive rationality" with respect to objectives and purpose.<sup>70</sup> Good administration of poor policy may be more dangerous than poor administration of good policy, which is an added reason why a mature society must be interested in the relationships between policy and administration, not merely in their differentiation.

## SUMMARY

The attempt to arrive at a doctrinaire demarcation between policy and administration has been the vulnerable point in American administrative thought. The distinction was classically stated by Woodrow Wilson in 1886, but was deepened by scholars like W. F. Willoughby who went so far as to designate administration as a fourth branch of government. Other political scientists and specialists in public administration refused to go this far, but continued the drive to divorce politics from administration, further intensifying the demarcation. Although the distinction was partially justified, a major explanation for the American pattern of thought was the need to eliminate spoils and partisan politics from corrupting the administration of government.

In Britain, also, much interest existed in the subject, but there the effort was in clarifying the relationship rather than in establishing the distinction between politics and administration. Only after the United States entered a period of intensified governmental responsibility after World War I, the world-wide depression, and World War II, did a similar attitude develop in this country. It was mid-century

<sup>70</sup> See *The Technique of Municipal Administration*, Chicago: Institute for Training in Municipal Administration; 1940, pp. 1-2.

before men like McBain, Gulick, and Appleby could sufficiently establish the idea that politics and administration were intimately linked and were separable only under particularly defined circumstances. Whatever the justification or the cause of the earlier American distinction, one result was to make American administrative personnel, as well as scholars of administration, fearful of policy questions and somewhat unrealistic in political matters.

The barrier between administrative thought and political practice may be particularly serious in a period of institutional change. The recent history and the nature of administration in the United States, as in Britain, suggests that there may well be more administrators of conservative persuasion who block governmental innovations than there are radical administrators who sabotage conservative policies. The record of the German civil service under the Weimar Constitution offers some significant evidence of this tendency, for it has been argued that without the right wing tendency of the German civil service, Hitler's Third Reich would never have come to power.<sup>71</sup> The experience of the New Deal seems to reveal that the greater danger, if any, is not that of a revolutionary bureaucracy ready to overthrow the existing regime nor even a liberally minded "administrative class" willing to support left-of-center experiments in government. The balance of fact may well be on the side of resistance by entrenched administrators and other bodies of officials who, along with special interests, oppose governmental innovations, thus keeping administrative opposition or obstructive lethargy going until a change of political party puts a current stamp of popular approval on these subtle forms of administrative sabotage.

Perhaps the most promising way of continuing a healthy separation between politics and administration, while entertaining a growing concern about the need for tying them together, is to refine the relation of the administrator or managerial expert to policies or political questions. Administrators at all levels of responsibility are being constantly thrown into the area of decision making, and their decisions inevitably add up to major policies in the subsequent course of events. As the British experience with social legislation has shown, the possession by an experienced class of administrators of the relevant facts on complex social issues points almost automatically to the desired policies. American administrative policy making may not go this far, but it may be evolving in this direction.

As a matter of governmental evolution, therefore, the administrator cannot avoid some policy making responsibility. However, he can

<sup>71</sup> Arnold Brecht, *Civil Service Reform in Germany* (Personnel Administration Jan. 1947 vol. 9 pp. 1-2). Compare Fritz Morstein Marx, *Government in the Third Reich* (New York: McGraw Hill Book Company Inc., 1936) p. 119.

more accurately define his role with relation to policy. Specifically, administrators should (1) constantly gather facts and prepare findings that may lead to changes in policy or to policy decisions; (2) inform their chief, and with his approval inform the policy-making body or the public, of these facts and findings; and (3) recommend and initiate policies but advocate them only with superior consent. Any effective administrative corps helps to define policy previous to the legislative stage, to draft the law which is to carry out the desired program, and to define post-legislative policy, whether that policy involves the substance of the program and possible legislative revisions or whether it involves the machinery of enforcement, that is, what is strictly referred to as administration.

The more recognized policy-making bodies and the legislative-type agencies may then be free to exercise not merely their choice of alternative policies, but the higher controls essential to any representative, responsible or effective body. These bodies can (1) fix responsibility upon the administrators for results in terms of the accepted standards, (2) encourage competence among administrators by adequately rewarding effective management, (3) improve the conditions of work and maintain the morale of the rank and file who have to carry on the day-by-day burdens of modern administration, and (4) by these and other activities dignify the authority of the agency or institution for which they are responsible.<sup>72</sup>

The line between policy and administration becomes somewhat easier to define as the situation grows more technical and professionalized. In some positions in industrial and governmental management, a tendency exists to define policy powers and administrative responsibilities by means of precise professional standards, carefully prepared management manuals, or concrete job descriptions for each position. This procedure is especially valid in the more professional posts, even in the field of government like city managerships, in which an accepted list of standards and a code of behavior have begun to develop.<sup>73</sup> But such preconceived and precise standards are hard to formulate, and the administrator must constantly face his responsibility for making the decisions that add up to new policies.

From the standpoint of social philosophy, some promise exists in the idea that all administrative acts and decisions move along a scale between two poles, the rational or administrative, and the non-

<sup>72</sup> Leonard D. White: "Legislative Responsibility For the Public Service," *New Horizons In Public Administration*. University, Alabama: University of Alabama Press; 1945, Chapter 1.

<sup>73</sup> Richard S. Childs: "Best Practice Under the Manager Plan." *National Municipal Review*, Supplement, January 1933, (revised ed. 1945), p. 44.

rational or political. Despite a possible conflict between administration and politics in this sense—that is, between the systematically managed society and the good or sound society—administrators can envision their “rational” or systematic techniques as an essential part of the rational or “sound” values of life. This kind of analysis suggests how the search for values and ideals can be blended into the newer search for methods and techniques. Administration, therefore, is important not only because it deals with means and methods, but because it also determines ends and values. Administration should, therefore, never be allowed to deteriorate, as some would permit, into a systematic but sterile know how.

## CHAPTER FOUR

### HISTORY OF ADMINISTRATION

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THE tasks performed by the modern administrator have been carried on throughout history; the “manager” has had the job of manning his organization, financing or supporting it, checking or inspecting his progress, conferring with his subordinates or employees, meeting with his policy-making or policy-approving superiors or council, and planning his future program. Modern research about the past has revealed impressive analogies with contemporary administrative tasks. There is abundant evidence of large-scale conquests and occupations of territory by ancient legions and hordes; far-flung activities of royal courts; widespread temporal powers exercised by religious hierarchies; princely or private estate management on a scale almost as extensive as that of the modern business corporation or world cartel; vast public works programs including irrigation projects comparable to modern power programs like the Tennessee Valley Authority.

To what extent were the ancient, medieval, and early modern civilizations conscious of an art of administration? Was there some awareness then of what we now term the science of organization? How old are the supposedly modern techniques of management? Readings covering the following eras may help answer these questions:

1. The ancient Egyptian dynasties and Ptolemaic Egypt
2. Ancient China
3. The ancient Greek city-state of Athens
4. The Roman Republic and the Roman Empire
5. Medieval England and France

- 6 Seventeenth and eighteenth-century Germany and Austria
- 7 Nineteenth-century America
- 8 The twentieth century

In the earliest periods the conscious references to administration are few or obscure, and the administrative connotations are sometimes at the mercy of the hieroglyphist and the translator. Nevertheless enlightenment is provided by modern researchers and scholars, and the ancient roots of the art of administration soon become apparent.

## 1. EGYPTIAN ADMINISTRATION

In ancient Egypt, for example, there was a recognizable system of large scale administration although we find little trace of the management devices or the type of administrative speculation that we know today. This becomes clear if we read selected material from the Egyptian papyri dated around 1300 B.C., and interpretations thereof by such authorities as James H. Breasted, founder of the Oriental Institute at the University of Chicago and one of the world's foremost Egyptologists,<sup>1</sup> Max Weber, German lawyer, economist, and social scientist, who probed deeply into the administration of ancient civilizations as well as contemporary societies,<sup>2</sup> and Michael Rostovtzeff, Russian trained historian who became director of Yale University's archaeological studies in the Near East.<sup>3</sup>

### (a) PAPYRI SALLIER AND ANASTASI

#### Instructions, Exhortations and Warnings to Schoolboys<sup>4</sup>

Behold, there is no calling that is without a director except (that of) the scribe and he is the director.

Put [the scribe] in thine heart, that thou mayest protect thyself from hard labour of any kind and be a magistrate of high repute. Set thine heart on being a scribe that thou mayest direct the whole earth.

Procure for thyself this calling of a magistrate, that thou mayest attain it when thou art become old. Fortunate is a scribe that is skilled in

<sup>1</sup> See Charles Breasted, *Pioneer to the Past* New York: Charles Scribner's Sons, 1943.

<sup>2</sup> For Weber's biography see Gerth and Mills, *From Max Weber*, Chapter 1.

<sup>3</sup> Rostovtzeff also wrote in other fields of ancient history. See his *Economic History of the Hellenistic World* Oxford: Clarendon Press, 1941. And see his *The Social and Economic History of the Roman Empire* Oxford: Clarendon Press, 1926.

<sup>4</sup> "The Instruction of Duauf (about 1300 B.C.) and Exhortations and Warnings to Schoolboys (about 1350 B.C.)" Quoted in Adolf Erman, *The Literature of the Ancient Egyptians*, Adapted from pp. 71, 189, 193, 195. Translated by Aylward M. Blackman. Reprinted by permission of Methuen and Company. Copyright 1927, Methuen and Company.



his calling, a master of education. Persevere every day; thus shalt thou obtain the mastery over it.

And now the scribe landeth on the embankment and will register the harvest. The porters [minor officials] carry sticks, and the negroes [police] palm-ribs. They say: "Give corn." "There is none there." He [the delinquent taxpayer] is stretched out and beaten, he is bound and thrown into the canal.

### (b) PAPYRUS HARRIS

#### Concerning the Reign of Ramses III<sup>5</sup>

I made for thee great decrees for the administration of thy temple, recorded in the halls of writings of Egypt. I appointed for thee archers and collectors of honey, bearing incense to deliver their yearly impost into thy august treasury. I made for thee boatmen and tax-officials of the people, whom I created to collect the impost of the Two Lands, the taxes and the exactions, in order to transport them to thy treasury in the house of Re, in order to double thy divine offerings more than a million times. I appointed slaves as watchmen of thy harbor, in order to watch the harbor of the Heliopolitan canal in thy splendid place. I made doorkeepers of the slaves, manned with people, in order to watch and protect thy court. I made slaves as watchmen of the canal-administration, and the watchmen of the pure barley, for thee likewise.

### (c) MAX WEBER

#### "Bureaucracy"<sup>6</sup>

In Egypt, the oldest country of bureaucratic state administration, the public and collective regulation of waterways for the whole country and from the top could not be avoided because of technical economic factors. Among essentially technical factors, the specifically modern means of communication enter the picture as pacemakers of bureaucratization. Public land and waterways, railroads, the telegraph, et cetera—they must, in part, necessarily be administered in a public and collective way; in part, such administration is technically expedient. In this respect, the contemporary means of communication frequently play a role similar to that of the canals of Mesopotamia and the regulation of the Nile in the ancient Orient. The degree to which the means of communication have

<sup>5</sup> "Concerning the Reign of Ramses III." James H. Breasted: *Ancient Records of Egypt*. Selected from vol. 4, pp. 144, 146-7, Reprinted by permission of The University of Chicago Press. Copyright 1906, The University of Chicago Press. This papyrus is apparently a testimonial written by Ramses IV in the name of his father, Ramses III, who reigned 1198-67 B.C.

<sup>6</sup> Max Weber: "Bureaucracy." Hans H. Gerth and C. Wright Mills: *From Max Weber: Essays in Sociology*. Selected from pp. 212-13. Reprinted by permission of Oxford University Press. Copyright 1946, Oxford University Press. Translated from Weber's *Wirtschaft und Gesellschaft*, 1922.

been developed is a condition of decisive importance for the possibility of bureaucratic administration, although it is not the only decisive condition. Certainly in Egypt, bureaucratic centralization, on the basis of an almost pure subsistence economy, could never have reached the actual degree which it did without the natural trade route of the Nile.

(d) MICHAEL ROSTOVITZEFF

*A Large Estate in Egypt in the Third Century B.C.*

The Ptolemies in Egypt inherited from the Pharaohs a highly elaborated administrative and economic organization of a peculiar land with an economic basis quite unique when compared with other parts of the civilized world. The leading idea of the ancient Egyptian state, that of the Fourth, Eleventh and Eighteenth Dynasties, was a strict coordination of the economic efforts of the whole population to secure for each member of the community and for the community as a whole the highest possible degree of prosperity. The Ptolemies grasped the idea and made it their own, because it was the easiest way to govern Egypt and because it was in complete accordance with the personal character of the rule of the Ptolemies, who regarded Egypt as their private property, as their large house. Accordingly, the ancient system of a personal and bureaucratic administration of Egypt, with the economic point of view predominant, was restored, systematized and concentrated in the hands of the new ruler and his servants, his bureaucracy.

For the first time the administrative system of Egypt was, so to say, codified: it was coordinated and set into motion like a well organized machine constructed for a special, well defined and well understood purpose. No discretion on the part of the state's agents was tolerated, although the whole system was based on force and compulsion, very often on brute force. After investigating conditions in Philadelphia as reflected in the correspondence of Zenon, we have before us just one piece of the work of the Ptolemaic machinery. Every phase of activity in Philadelphia is regulated by the administrative machine of the Ptolemies: agriculture, cattle breeding, industry and commerce are conducted on lines identical with those on which life in Egypt as a whole was run. Philadelphia was Egypt in miniature.

Following the "planned economy" of Ptolemaic Egypt,\* we find continued evidence of systematic, though not always efficient, public

Michael Rostovtzeff, *A Large Estate in Egypt in the Third Century B.C.* University of Wisconsin Studies in the Social Sciences and History, No. 6, selected from pp. 17-29. Reprinted by permission of University of Wisconsin. Copyright, 1922, University of Wisconsin.

\* Sherman Leroy Wallace, "Ptolemaic Egypt: a Planned Economy," *The Greek Political Experience: Studies in Honor of William Kelly Prentice*, Princeton: Princeton University Press, 1941, Chapter 10.

administration. This becomes more apparent as we study Egypt's neighbors in the Near East, such as the Byzantine Empire (A.D. 330-1453), or the Ottoman Empire, especially under Suleiman the Magnificent (A.D. 1520-66).<sup>9</sup>

The Ottoman "Ruling Institution" was a highly perfected system of civil service, although it was based on a mixed Christian and Mohammedan caste system. Neither the despotisms of the ancient Egyptians nor the more enlightened dynasties of their Levantine neighbors were without their organized bureaucracies, central and provincial, which reached far back into the history of this region's civilization.

## 2. CHINESE ADMINISTRATION

Despite the popular conception that Confucianism was merely a code of ethics, the problem of government was central to Confucian philosophy and to the culture of ancient China. Confucius himself, after many years of teaching, turned to government as a profession at the age of fifty. To be sure, he was disappointed in his administrative accomplishments after occupying posts ranging from local magistrate to prime minister. However, upon retiring from public affairs he devoted the remainder of his long life to writing not only in the field of moral philosophy and ethics but also in the field of politics and government. His cryptic sayings include observations about loyal and correct officials. At one point he declared: "Though a man could hum through the Odes—the three hundred—yet should show himself unskilled when given some administrative work to do for his country; though he might know much of that other lore, yet if, when sent on a mission to any quarter, he could answer no question personally and unaided, what after all is he good for?"<sup>10</sup>

Among Confucius' contemporaries were those with a more concrete interest in administrative methods and management. One of these was Micius or Mo-Ti, who founded a branch of the Confucian school that differed mainly on questions of philosophic detail rather

<sup>9</sup>Albert Howe Lybyer: *The Government of the Ottoman Empire in the Time of Suleiman the Magnificent*. Cambridge: Harvard University Press, 1913; especially Chapters 2, 6, and appendix 1, "The Sacred Book of the Affairs of the Turks," Venice: 1543. See also E. N. Gladden: "Administration of the Ottoman Empire under Suleiman." *Public Administration*, April 1937, vol. 15, pp. 187-93. *Ottoman Statecraft, The Book of Counsel for Vezirs and Governors of Sari Mehmed Pasha*, translated from the Turkish by Walter Livingston Wright, Jr. Princeton: Princeton University Press; 1935.

<sup>10</sup>Confucius: *Analects*, Book XIII. *World's Great Classics, Oriental Literature*, vol. 4, "The Literature of China—The Analects of Confucius." Translated by William Jennings. New York: The Colonial Press; 1899.

than on principle. Micius wrote as early as 500 B.C., but a more specific "constitution" or manual for the government and administration of China was attributed to one, Chow or Chou, who was reputed to have used this manual 600 years earlier.<sup>11</sup>

The modern Chinese scholar Leonard Hsu, had much more to say about the ancient Chinese "Rules of Public Administration," than Confucius' parables had revealed.<sup>12</sup> Hsu, trained both in the law and the social sciences, was Head of the Department of Sociology and Dean of the School of Social Work at Yenching University, and had held numerous political posts in China during the 1920's and 30's.

The ancient records, like those of Micius and Chow, quoted below, indicate to what extent the evidence compiled by scholars like Hsu substantiates the rise and the development of administration as an art, of organization as a science, or of management as a technique, among the ancient Chinese.

## MICIUS

### (a) Works of Micius<sup>13</sup>

Whoever pursues a business in this world must have a system. A business which has attained success without a system does not exist. From ministers and generals down to the hundreds of craftsmen, every one of them has a system. The craftsmen employ the ruler to make a square and the compass to make a circle. All of them, both skilled and unskilled, use this system. The skilled may at times accomplish a circle and a square by their own dexterity. But with a system, even the unskilled may achieve the same result, though dexterity they have none. Hence, every craftsman possesses a system as a model. Now, if we govern the empire, or a large state, without a system as a model, are we not even less intelligent than a common craftsman?

<sup>11</sup> No reliable proof is available as to the exact age or authenticity of the Constitution of Chow because of the famous episode of the burning of the Chinese books in 213 B.C. Although many of the Chinese classics are later reproductions which left room for adulterations of all kinds, most modern Chinese scholars and administrators regard as authentic even spurious literature of this kind as reflecting important aspects of thought and practice for those years of the ancient period during which it reappeared. Wu accepts Chow. Hsu has his reservations. Kuo-Cheng Wu, n. 13 below, pp. 337-8. Leonard Shihlien Hsu, n. 15 below, pp. xii-xvi, n. 1.

<sup>12</sup> See also the work by the American political scientist and United States Senator Elbert D. Thomas, *Chinese Political Thought*, New York: Prentice Hall, Inc., 1927.

<sup>13</sup> Works of Micius. Quoted in Kuo-Cheng Wu, *Ancient Chinese Political Theories*, p. 226. Reprinted by permission of The Commercial Press. Copyright 1928 The Commercial Press.

### (b) The Constitution of Chow<sup>14</sup>

Eight regulations he [the Prime Minister] holds to govern the different departments of government. The first pertains to their organization so that the government of the state may be established. The second pertains to their functions so that the government of the state may be clarified. The third pertains to their relationships so that the government of the state may be cooperative. The fourth pertains to their procedure so that the government of the state may be efficient. The fifth pertains to their formalities so that the government of the state may appear permanent. The sixth pertains to their control so that the government may be complete. The seventh pertains to their punishment so that the government of the state may be corrected. The eighth pertains to their reckoning so that the government of the state may be audited.

### (c) LEONARD HSÜ

#### "Rules of Public Administration"<sup>15</sup>

We may now discuss the practical suggestions of Confucius in the way of public administration in order to bring about a benevolent rule. In the first place, the rulers and conductors of government should know thoroughly the conditions of the country. Knowing these conditions, the conductors of government should take careful note of natural and social calamities, [and] they should undertake to remove the causes of all trouble.

In the second place, the conductor of government should "hold the mean." What Confucius meant by holding a "mean" is to approach a problem by seeking the widest differences of opinions and by making the most careful study of the facts in the spirit of absolute impartiality and unselfishness, and then to solve it moderately, practicably, and logically, in accordance with the best ethical rules.

In the third place, public spirit is essential in the proper conduct of government affairs. Confucius condemns favouritism and partisanship.

Fourthly, the government should promote the economic welfare of the people.

The fifth principle in the proper conduct of public administration is "to keep busy." Confucius says that "the art of government is to keep the affairs of government before the mind without weariness, and to practise them with undeviating consistency." The institution of benevolent

<sup>14</sup> *The Constitution of Chow* in Wu: *Ancient Chinese Political Theories*, Book I, p. 40. Reprinted by permission of the Commercial Press. Copyright 1928, The Commercial Press.

<sup>15</sup> Leonard Shihlien Hsü: "The Rules of Public Administration," *The Political Philosophy of Confucianism*. Selected from pp. 121-4. Reprinted by permission of E. P. Dutton and Company, Inc. Copyright 1932, E. P. Dutton and Company, Inc.

government based upon virtue and *li* [Chinese code of propriety] means a thoroughgoing political reorganization. From watching the smallest phenomena in the State to observing the operation of the fundamental policies of government, administrators should occupy themselves busily with affairs at every moment.

The sixth and last principle in the proper conduct of public administration is to choose honest, unselfish and capable public officers.

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Professor Edward S. Corwin of Princeton University, an expert on Chinese government aptly summarized Confucius' conception as follows in his foreword to Hsu's book. Finally Confucius teaches us that the task of government is that of good housekeeping. He at once anticipates the modern 'administrative state' and supplies it with a Utopia.¹⁶

Following Confucius, there were other achievements in Chinese administration, especially in the perfection of a strangely modern system of civil service examination.¹⁷ Hu Shih, the former Chinese Ambassador to the United States who described this system, traced some of its origins to the Han Dynasty (202 B.C.—A.D. 219). 'The Han Empire in its great days was almost as large as the China of today. Without modern means of transportation and communication, the work of administering such a vast empire from a central government at Chang'an, maintaining unity and peace for four hundred years and thereby setting up a permanent framework of a unified national life for 2000 years was the greatest achievement of the political genius of the Chinese people.'¹⁸

One thousand years after the Han Dynasty, we see these administrative skills at work, in the time of the 'Gay Genius,' Su Tungpo (1036-1101), and especially during the tenure of the "Bull-headed Premier" of that day, Wang Anshih, the "practical socialist" who was brash enough to undertake an agricultural subsidy and loan system comparable to the New Deal's "ever normal granary" with many of its associated nation-wide financial controls.¹⁹

The Chinese carried on for many centuries, before the advent of the modern art or science of administration, a system of administrative housekeeping, a well-developed civil service, and an appreciation of many of the 'modern' problems of public management.

¹⁶ Hsu, *The Political Philosophy of Confucianism* p. x.

¹⁷ See Chapter 14.

¹⁸ Hu Shih, *Historical Foundations for a Democratic China* James Lectures on Government, University of Illinois and Series p. 58. Also see Interim Proceedings of the Institute of World Affairs, *Problems of Peace* University of Southern California 1944-45 vol. 21 p. 58.

¹⁹ Lin Yutang, *The Gay Genius, the Life and Times of Su Tungpo* New York: The John Day Co. 1947. Henry R. Williamson, *Wang An Shih* London: A. Probsthain 1935 vol. 2 especially pp. 144-8.

The Greeks, like the ancient Egyptians and Chinese, left few records about their administrative system, in spite of the rich contents of Plato's *Republic* and Aristotle's *Politics*. Still, we may obtain glimpses of Greek administration from (a) Pericles' remarks concerning Greek democracy in his funeral oration of 430 B.C. honoring the heroes of the Peloponnesian War, (b) an interpretation of Athenian democracy by the American Professor of Greek, Walter R. Agard, and (c) Socrates' dialogue with Nicomachides.

(a) PERICLES

Funeral Oration²⁰

Our government is called a democracy, because its administration is in the hands, not of the few, but of the many. Yet, although all men are equal in the sight of the law, they are rewarded by the community on the basis of their merit; neither social position nor wealth, but ability alone, determines the service that a man renders. Our citizens are interested in both private and public affairs; concern over personal matters does not keep them from devoting themselves also to the community. In fact we regard the man who does no public service, not as one who minds his own business, but as worthless. All of us share in considering and deciding public policy, in the belief that debate is no hindrance to action, but that action is sure to fail when it is undertaken without full preliminary discussion. Consequently, we show the utmost initiative in what we do and the utmost deliberation in what we plan.

(b) WALTER R. AGARD

What Democracy Meant to the Greeks²¹

Whom did Pericles mean by "the many," and how did they administer affairs?

First it must be understood that "the many" was a relative term; it did not include a majority of the population. Political rights were enjoyed only by men over eighteen years of age, born of Athenian parents enrolled in the citizen class. This number in 430 B.C. was around 40,000. There were probably about 24,000 metics (resident aliens) who had settled in Athens for business, industrial, or professional purposes. If we add

²⁰ Pericles: *Funeral Oration*. Translated and quoted by Walter R. Agard: *What Democracy Meant to the Greeks*. Selected from pp. 60-2. Reprinted by permission of University of North Carolina Press. Copyright 1942, University of North Carolina Press.

²¹ Walter R. Agard: *What Democracy Meant to the Greeks*. Adapted from pp. 69-71. Reprinted by permission of North Carolina Press. Copyright 1942, University of North Carolina Press.

to these the women and children and upwards of 100,000 slaves (war captives), who likewise had no part in public administration, it will appear that perhaps one-tenth of the total population had political rights.

The electorate itself, however, was a thoroughly democratic group, including country gentlemen, business men, craftsmen, farmers and day laborers, of whom the last three classes formed a large majority. And these men actually did participate in government to a degree unknown in societies where a much larger proportion has been able to vote. Every policy, domestic or foreign, was formulated by the assembly, in the deliberations and decisions of which every citizen shared. The Council of Five Hundred of which fifty members held active office each month, was the chief executive body, preparing the agenda for the assembly and overseeing financial and foreign affairs; this council was elected annually by lot from the roster of citizens over thirty years of age. Nearly all legal cases were tried in popular courts for which there was a panel of six thousand citizens chosen annually by lot. The same method of selection applied to the lesser administration offices, including the Commissioners for Public Works, the Police Commissioners, and the Archons, who had charge of formal state occasions and presided over the law courts. In practical terms this meant that every citizen of Athens during the course of his life had been engaged in public service. Perhaps on one day he was actually chairman of the Council (for that office too, was passed around in a democratic way), so was virtually president of the Athenian Commonwealth.

There were no appointive offices, and only in the case of the Board of Generals did the people actually elect their representatives rather than choose them by lot.

(c) SOCRATES

Discourse with Nicomachides²²

Seeing Nicomachides one day, coming from the assembly for the election of magistrates, Socrates asked him, 'Who have been chosen generals, Nicomachides?' 'Are not the Athenians the same as ever, Socrates?' he replied. 'For they have not chosen me, who am worn out with serving from the time I was first elected, both as captain and centurion, and with having received so many wounds from the enemy (he then drew aside his robe, and showed the scars of the wounds), but have elected Antisthenes, who has never served in the heavy armed infantry, nor done anything remarkable in the cavalry, and who indeed knows nothing, but how to get money.'

'Is it not good, however, to know this,' said Socrates, 'since he will then be able to get necessities for the troops?' 'But merchants,' re-

²² Plato and Xenophon. *Socratic Discourses*. Book III. Chapter 4. Translated by J. S. Watson, edited by Ernest Rhys. Reprinted by permission of J. M. Dent and E. P. Dutton and Co., Inc. Everyman's Library. Discourse from Xenophon's *Memorabilia*.

plied Nicomachides, "are able to collect money; and yet would not, on that account, be capable of leading an army."

"Antisthenes, however," continued Socrates, "is given to emulation, a quality necessary in a general. Do you not know that whenever he has been chorus-manager he has gained the superiority in all his choruses?"

"But, by Jupiter," rejoined Nicomachides, "there is nothing similar in managing a chorus and an army."

"Yet Antisthenes," said Socrates, "though neither skilled in music nor in teaching a chorus, was able to find out the best masters in these departments." "In the army, accordingly," exclaimed Nicomachides, "he will find others to range his troops for him, and others to fight for him!"

"Well, then," rejoined Socrates, "if he find out and select the best men in military affairs, as he has done in the conduct of his choruses, he will probably attain superiority in this respect also."

"Do you say, then, Socrates," said he, "that it is in the power of the same man to manage a chorus well, and to manage an army well?" "I say," said Socrates, "that over whatever a man may preside, he will, if he knows what he needs, and is able to provide it, be a good president, whether he have the direction of a chorus, a family, a city, or an army."

"By Jupiter, Socrates," cried Nicomachides, "I should never have expected to hear from you that good managers of a family would also be good generals." "Come, then," proceeded Socrates, "let us consider what are the duties of each of them, that we may understand whether they are the same, or are in any respect different." "By all means," said he.

"Is it not, then, the duty of both," asked Socrates, "to render those under their command obedient and submissive to them?" "Unquestionably." "Is it not also the duty of both to appoint fitting persons to fulfill the various duties?" "That is also unquestionable." "To punish the bad, and to honour the good, too, belongs, I think, to each of them." "Undoubtedly."

"And is it not honourable in both to render those under them well-disposed towards them?" "That also is certain." "And do you think it for the interest of both to gain for themselves allies and auxiliaries or not?"

"Certainly; but what, I ask, will skill managing a household avail, if it be necessary to fight?" "It will doubtless, in that case, be of the greatest avail," said Socrates; "for a good manager of a house, knowing that nothing is so advantageous or profitable as to get the better of your enemies when you contend with them, nothing so unprofitable and prejudicial as to be defeated, will zealously seek and provide everything that may conduce to victory, will carefully watch and guard against whatever tends to defeat, will vigorously engage if he sees that his force is likely to conquer, and, what is not the least important point, will cautiously avoid engaging if he finds himself insufficiently prepared."

"Do not, therefore, Nicomachides," he added, "despise men skillful in managing a household; for the conduct of private affairs differs from that of public concerns only in magnitude; in other respects they

are similar but what is most to be observed, is, that neither of them are managed without men, and that private matters are not managed by one species of men, and public matters by another, for those who conduct public business make use of men not at all differing in nature from those whom the managers of private affairs employ, and those who know how to employ them, conduct either private or public affairs judiciously, while those who do not know, will err in the management of both "

In 462 B C Pericles introduced a scheme for the compensation of officials, thus facilitating the continued participation in public administration by citizens who had to work daily for their living²³ Still, the Greeks never did develop a specialized civil service, and the Greek system therefore continued to differ from that of the hired administrators and powerful overseers of the Egyptian Pharaohs, and from the scholarly civil service of the Chinese. The real effectiveness of popular discussion in the Greek Assembly was sometimes ridiculed by the Greek playwrights of that day,²⁴ and later Paul, who knew the Greeks well, found that they "spent their time in nothing else, but either to tell or to hear some new thing" ²⁵

There is a general belief, too, that the Greeks were "deficient in the habits of business" ²⁶ Even Socrates' mature definition of management found no sympathy with a mind like Aristotle, who opened his *Politics* with a refutation of the universal traits of the good manager ²⁷ It might, therefore, be contended that the Greeks never really grasped the general concept of management. This is not a new criticism of the use of the Greek experience as a historical source for the study of administration. In 1727 the Cameralist philosopher Peter von Ludewig also cited Socrates and Xenophon as authorities for the historic idea that good management is essential to the good state, and in answer to the same challenge, Ludewig admitted that Socrates and Xenophon "were heathens," but, he explained, they "must somehow have obtained divine enlightenment" ²⁸ Those scholars who advocate the recentness of administration as an art, science, or systematic technique, have not adequately analyzed the accounts furnished by the ancient Greek civilization

²³ J. B. Bury *A History of Greece* New York: Random House, Inc. The Modern Library Edition p. 334

²⁴ See for example Aristophanes *Acharnians*

²⁵ Acts of the Apostles 17:21

²⁶ James W. Gilbert "The History and Principles of Ancient Commerce" *The Merchants Magazine and Commercial Review*, September 1848 vol. 19, p. 256

²⁷ Book I, Chapter 1

²⁸ Albion W. Small *The Cameralists: The Pioneers of German Social Policy*, pp. 216-7. Reprinted by permission of The University of Chicago Press. Copyright 1909, The University of Chicago Press

4. ROMAN MAGISTRATES, MASTERS AND MANAGERS

The Romans administered larger realms and did so more methodically than did the Greeks;²⁹ but only after the time of Julius Caesar and the Roman Republic and not until the Roman Empire under Augustus—that is, about 25 B.C.—was a paid civil service established.

Like the Greeks, the Romans were not very articulate about the details of their administrative system, but there is enough historical material to demonstrate their systematic capabilities in large-scale management. Below are quotations from Marcus Tullius Cicero, Roman lawyer and statesman of the time of Cæsar; Aurelius Cassiodorus, Roman Senator and administrative aide to the Ostrogoth kings at the time of the barbarian invasions around 480 A.D.; and Professor Arthur E. R. Boak, an American scholar of Roman history.

(a) CICERO

*De Officiis*³⁰

Those whom nature has endowed with the capacity for administering public affairs should put aside all hesitation and take a hand in directing the government; for in no other way can a government be administered or greatness of spirit be made manifest. Those who mean to take charge of the affairs of government should not fail to remember two of Plato's rules: first to keep the good of the people clearly in view that regardless of their own interests they will make their every action conform to that; second, to care for the welfare of the whole body politic and not in serving the interests of some one party to betray the rest. For the administration of the government, like the office of a trustee, must be conducted for the benefit of those entrusted to one's care, not of those to whom it is entrusted.

(b) CICERO

*De Legibus*³¹

The function of a magistrate is to govern, and to give commands which are just and beneficial and in conformity with the law. For as the

²⁹ Gilbart: "The Commerce of Ancient Rome," vol. 20, pp. 27-8. J. H. Hofmeyer: "Civil Service In Ancient Times." *Public Administration*, January 1927, vol. 5, pp. 76-93.

³⁰ Cicero: *De Officiis*. Adapted from Books I and II. Translated by Walter Miller. Reprinted by permission of Harvard University Press.

³¹ Cicero: *De Legibus*. Selected from Book III, secs. 1 and 2. Translated by C. W. Keyes. Reprinted by permission of Harvard University Press from the Loeb Classical Library.

laws govern the magistrate, so the magistrate governs the people, and it can truly be said that the magistrate is a speaking law, and the law a silent magistrate. Without [government], existence is impossible for a household, a city, a nation, the human race, physical nature, and the universe itself. Accordingly we must have magistrates, for without their prudence and watchful care a State cannot exist. In fact the whole character of a republic is determined by its arrangements in regard to magistrates. Not only must we inform them of the limits of their administrative authority, we must also instruct the citizens as to the extent of their obligation to obey them.

(c) CASSIODORUS

"Formula of The Magisterial Dignity"²²

The Master's is a name of dignity. To him belongs the discipline of the Palace, he calms the stormy ranks of the insolent Scholares [the household troops]. He introduces the Senators to our presence, cheers them when they tremble, calms them when they are speaking, sometimes inserts a word or two of his own, that all may be laid in an orderly manner before us. It rests with him to fix a day for the admission of a suitor to our *Aulicum Consistorium*, and to fulfil his promise. The opportune velocity of the post horses is diligently watched over by him. The ambassadors of foreign powers are introduced by him, and their *evectioes* [free passes by the postal service] are received from his hands.

To an officer with these great functions Antiquity gave great prerogatives: that no Provincial Governor should assume office without his consent, and that appeals should come to him from their decisions. He has no charge of collecting money, only of spending it. It is his to appoint *peraequatores* of provisions in the capital, and a Judge to attend to this matter. He also superintends the pleasures of the people, and is bound to keep them from sedition by a generous exhibition of shows.

Take therefore this illustrious office and discharge it worthily, that, in all which you do, you may show yourself a true Magister. If you should in anywise go astray (which God forbid), where should morality be found upon earth?

(d) ARTHUR E. R. BOAK

"The Roman Magistri"²³

Magister is a Latin word not appearing in Greek until after the Roman conquest. Magister contains the idea of superior power. It is prob-

²² Cassiodorus "Formula of the Magisterial Dignity." Selected from pp. 302-3, *The Letters of Cassiodorus with an Introduction by Thomas Hodgkin*. London: Henry Frowde; 1886.

²³ Arthur E. R. Boak and James E. Dunlap "The Roman Magistri." *Two Studies in Later Roman and Byzantine Administration*. University of Michigan Studies. Humanistic Series vol. 14, adapted from pp. 5, 6, 8-12. Reprinted by permission of the University of Michigan. Copyright 1924. The Macmillan Company.

ably a derivative from *magis*, and is applicable to that one of any group of individuals who has more authority than the rest. Paulus says that it was given as a title to persons "to whom is entrusted the special superintendence of affairs, and who, above the rest, owe diligence and care to the business of which they are in charge." It was this simple yet wide meaning of the word *magister*, so closely akin to that of our own Master, that permitted its adoption as an official title in practically all branches of Roman public and private life. A title capable of such wide application was always accompanied by some qualifying epithet, as, for example, Master of the Horse (*magister equitum*) or Master of the Census (*magister census*).

Since the presence of regular official titles indicates a certain degree of order and regularity in the conduct of affairs, one must place the introduction of these Masters at a time when Rome had attained a sufficient stage of material and cultural advancement to require the systematic organization of the various activities of her citizens. Thus the Master in Bankruptcy (*magister auctionis*) is the fruit of considerable legal experimenting with bankruptcy cases; the Schoolmasters (*ludi-magistri*) presuppose a fairly widespread demand for elementary education; the Master of the Companies of publicani (*magister societatis*) is the product of a well-developed system of tax farming; the Master of the Herd (*magister pecoris*) and the Taskmaster (*magister operum*) can only have appeared with a well-organized and widely extended system of ranching and farming on a large scale, i.e. with a great territorial expansion of the state; while the Shipmaster (*magister navis*) is a figure which doubtless first arose after the appearance of Rome as a world power. Festus says that there were Masters, not only of the liberal arts, but also of rural districts, of associations, and of villages or city quarters.

The various uses of the word "president" may offer an English analogy. In many colleges there were Ministers, *ministri*, who acted as assistants to the Masters.



Although some of this material demonstrates "the form rather than the substance" of Roman administration,³⁴ and although less is known about Roman administrative technique than about Rome's military history, there is some evidence to assume that even under the supposedly less efficient Republic the Romans knew much about how to administer their own affairs and those of their subject colonies. As for the Roman Empire, until external forces more weighty than administrative deficiencies alone brought about its destruction,³⁵ it

³⁴ Edward Gibbon: *The Decline and Fall of the Roman Empire*. New York: Random House Inc., Modern Library Edition, vol. 2, p. 453.

³⁵ For a somewhat stronger view of the significance of administrative deficiencies accompanying the disintegration of Greece and Rome, see Charles A. Beard: "Philosophy, Science and Art of Public Administration." Address before the annual conference of the Governmental Research Association. Princeton, N. J.; September 8, 1939. A

demonstrated a facility for management on a vast scale that has caused the envy of medieval as well as modern men

5 ADMINISTRATION THROUGH THE MIDDLE AGES

Although comprehensive speculation about the administrative process was infrequent during the Middle Ages there is considerable evidence of administrative systemization and large scale management. Royal domains, ecclesiastical provinces and feudal manors had to be managed somehow, contemporary treatises reveal the management of estates and the duties of their administrative officials.

One of these is the *Capitulary of the Imperial Estates of Charlemagne*, dated A.D. 812. With the emergence of the national state, a similar development of managerial technique in the fiscal field followed. One of the most remarkable contemporary treatises on this subject is the English *Dialogue concerning the Exchequer*, written about 1179 by Richard Fitz Neal, Treasurer of England and Bishop of London. Quoted below is an introductory and an explanatory paragraph from this fascinatingly detailed document of English medieval administration, together with a sample of the contents of Charlemagne's Capitulary. The story of medieval administration has moreover been summarized by many modern scholars. Schuyler C. Wallace, Professor of Government and History at Columbia University, is prominent in this field. His studies of state and local administrative problems, practical consultation with federal agencies, and broad experience as Director of the School of International Affairs at Columbia University since 1946 lend much interest to his comments concerning the evolution from medieval to modern administration.

(a) Capitulary of the Imperial Estates of Charlemagne³⁴

When our stewards should command our work to be done in the fields sowing ploughing reaping mowing and harvesting the grapes let each of them supervise the work to be done in such manner that all may be done well. If they are not in the district or cannot be there in person, let them send a capable person or one well accredited to supervise our affairs and to bring them to a good end. And let the stewards see to it that none but trustworthy people be employed in our service in their stead.

British scholar also speaks of the obviously inadequate administrative system of the Republic and the collapse of the administrative system. Hofmeyer, *Civil Service in Ancient Times*, p. 86.

³⁴ Capitulary of the Imperial Estates of Charlemagne. Roy C. Cave and Herbert H. Coulson, *A Source Book For Medieval Economic History*. Selected from pp. 18-24. Reprinted by permission of The Bruce Publishing Company. Copyright 1936. The Bruce Publishing Company. The original Capitulary appeared in J. P. Migne, *Patrologiae Cursus Completus*, Paris, 1862, vol. 97, pp. 349-58.

Let our mayors, foresters, stablemen, cellarers, deans, toll-gatherers, and other officers do regular and fixed duties, and let them pay land taxes for their holdings; and for the manual work due to them let them perform their office well. And whatever mayor has a benefice let him find a substitute, so that the substitute may relieve him of his manual work and other services. No mayor shall have more land in his district than he can cover and administer in a day.

Let each steward have good workmen in his district, that is, smiths, goldsmiths, silversmiths, leather-workers, turners, carpenters, shield-makers, fishermen, falconers, that is to say those who look after the hawks; soap-makers, brewers, that is to say those who know how to make beer, cider, perry, or other liquid which is fit to drink; bakers who can do the same for our needs; net-makers who know how to make nets well both for hunting and for fishing or for fowling; and other workmen to enumerate whom is tedious. Let them know well how to take care of our woods which the people call parks, and let them repair them in season, and let them in no way wait until it be necessary to rebuild them. And let them do likewise about all buildings.

We wish that whatever our stewards have kept or set aside for our use be written down in a letter, and what they have given away should likewise be written down. They should then inform us by letter of what remains.

Our mayors shall not be chosen from powerful men but from those of the middle class who are faithful.

(b) RICHARD FITZ-NEAL

Dialogue Concerning the Exchequer³⁷

In the 23rd year of the reign of King Henry II, while I was sitting at the window of a tower next to the River Thames, a man spoke to me impetuously, saying: "master, hast thou not read that there is no use in science or in a treasure that is hidden?" when I replied to him, "I have read so," straitway he said: "why, therefore, dost thou not teach others the knowledge concerning the exchequer which is said to be thine to such an extent and commit it to writing lest it die with thee?" I answered: "lo, brother, thou hast now for a long time sat at the exchequer, and nothing is hidden from thee, for thou art painstaking. And the same is probably the case with the others who have seats there." But he, "just as those who walk in darkness and grope with their hands frequently stumble,—so many sit there who seeing do not perceive, and hearing do not understand." Then I, "thou speakest irreverently, for neither is the knowledge so great

³⁷ Richard Fitz-Neal: *Dialogue Concerning the Exchequer* in Ernest F. Henderson: *Select Historical Documents of the Middle Ages*. Selected from pp. 22-3, 32. Reprinted by permission of G. Bell. Copyright 1912, G. Bell. For the original, see Richard, Son of Nigel: *Dialogues de Scaccario*, Arthur Hughes, C. G. Crump, and C. Johnson (eds.). Oxford: Clarendon Press; 1902.

nor does it concern such great things, but perchance those who are with important matters have hearts like the claws of an eagle, which do not retain small things, but which great ones do not escape" And he, "so be it but although eagles fly very high, nevertheless they rest and refresh themselves in humble places, and therefore we beg thee to explain humble things which will be of profit to the eagles themselves" Then I, 'I have feared to put together a work concerning these things because they lie open to the bodily senses and grow common by daily use, nor is there nor can there be in them a description of subtle things, or a pleasing invention of the imagination' And he, 'those who rejoice in imaginings, who seek the flight of subtle things, have Aristotle and the books of Plato, to them let them listen Do thou write not subtle but useful things' Then I, 'I see that thou art angry, but be calmer, I will do what thou dost urge, Rise, therefore, and sit opposite to me, and ask me concerning those things that occur to thee'

Not in the reckoning, but in its manifold judgments does the superior science of the exchequer consist For it is easy when the sum required has been put down, and sums which have been handed in are placed under it for comparison, to tell by subtraction if the demands have been satisfied or if anything remains But when one begins to make a many sided investigation of those things which come into the fisc in varying ways, and are required under different conditions, and are not collected by the sheriffs in the same way,—to be able to tell if the latter have acted otherwise than they should is in many ways a grave task Therefore the greater science of the exchequer is said to consist in those matters

(c) SCHUYLER WALLACE

"The Great Leviathan and the Science of Administration"⁸⁸

The history of many current administrative institutions leads us far back through Anglo-Norman times into the ages of Roman rule, especially in Gaul After the Roman Empire crumbled, the Christian Church, as a hierarchy of power, survived and in some respects supplanted the Roman government, and still exists in its pristine forms—a chief executive, a college of staff advisers, archbishops, bishops, traveling agents, parish priests, and congregations of the faithful Concerned with the management of property, finances, revenues and privileges, as well as the care of souls, it has survived the revolutions of the centuries and furnished a continuing example of administrative organization and method

Besides the heritage of Roman institutions, both secular and ecclesiastic, has been the heritage of administrative organization and procedure connected with military affairs—one of the first and frequently the

⁸⁸ Schuyler Wallace "The Great Leviathan and the Science of Administration" *Federal Departmentalization A Critique of Theories of Organization* Pp 3-4 Reprinted by permission of The Columbia University Press Copyright 1941, The Columbia University Press

paramount interest of the State. After the rather loosely knit feudal array of the early Middle Ages was supplanted gradually by the small standing army of professional soldiers and officers of the seventeenth and eighteenth centuries, the organization and direction of armies became perhaps the first care of the modern State. For the scattered and more or less independent feudal bands, furnishing most or all of their own supplies, was substituted the single army, with its hierarchy of relationships and power running down from the commander-in-chief through the various gradations of officers to the lowest private in the ranks. In turn the army had now to be supplied by the State with food, clothing and implements of war—and this added an enormous burden to the agencies of military administration. It may be said indeed that the army was the first modern administrative system as effectively organized as the administration of the Roman Empire at its height, and that some of the greatest talent produced by Western civilization was dedicated to its improvement.



Fitz-Neal's detailed *Dialogue* concerning the day-by-day operations of the English mediæval Exchequer and Charlemagne's detailed *Capitulary* for the management of his imperial domains are merely mediæval archetypes dealing with the more powerful and efficient central agencies, royal demesnes, and ecclesiastical estates. Walter of Henley's *Husbandry* appeared in the late 1200's and was, for the lesser feudalities and the manors, a useful English technical handbook for 200 years, not only with respect to methods of land cultivation but also with respect to methods of allocating the tasks and recording the services of tenants and serfs.³⁹ Recent studies have revealed some of the managerial problems of life on the mediæval manor and also the striking resemblance to modern management of mediæval resource or forest administration by royal officers.⁴⁰ Local government administration was carried on by manor officials or ecclesiastical personnel, and to many historians, the Catholic prelates and the parish clergy were mediæval administrators *par excellence*.⁴¹

In view of the evidence of "administrative talent and experience" within the royal councils,⁴² it is surprising that more managerial maturity has not been widely attributed to this period. Bishop Stubbs

³⁹ Elizabeth Lamond (ed. and trans.); Walter of Henley's *Husbandry*, together with an Anonymous *Husbandry*, Seneschaucie and Robert Grossetestes' Rules. London and New York: Longmans, Green and Company; 1890, pp. xix, xx.

⁴⁰ H. S. Bennett: *Life on the English Manor*. Cambridge, England: The University Press, 1938, Chapter 7, "Manorial Administration." Nellie Neilson: "The Forests" in *The English Government at Work, 1327-1336*, edited by James F. Willard and William A. Morris. Cambridge, Mass.: The Mediæval Academy of America, 1940, Chapter 9.

⁴¹ See, for example, the comments of Arnold J. Toynbee: *A Study of History*. London: Oxford University Press; 1939, vol. 4, pp. 527-8; and D. C. Somervell's abridgement, 1947, pp. 350, 358.

⁴² Willard and Morris: *The English Government at Work, 1327-1336*, p. 30.

has carefully studied the *Cuna Regis* and the Chancery⁴³ and has indefatigably traced the minutiae of the Royal 'Household' and the "Wardrobe"⁴⁴ "Rarely, however, do we get the insight originally furnished by Fitz Neal himself not only into the fascinating detail of the fiscal procedure of the Exchequer, but into the significance which the medieval administrator attributed to the conscious study of the administrative process. More obscure for the modern study of administration is the field of medieval church administration. Church documents have been a good source for understanding such subjects as ecclesiastical politics and papal revenues⁴⁵ Few historians, however, have used all the techniques of modern research to examine fully the extensive system of parish or apostolic administration which grew up during the Middle Ages⁴⁶ Some of the most conscientious scholars of the Medieval Academy of America early in their comprehensive studies "abandoned the presentation of the administrative duties of the clergy."⁴⁷

Much of the fascinating administrative work carried on by medieval parliaments, synods, councils, manors, or counting houses remains stored away in the still extant royal parchments, ecclesiastical chronicles, church registers, manor rolls, commercial letters, and contemporary treatises. But what original researches have not yet fully developed, resourceful scholars have postulated. Ernest Barker has attributed the secularization of the Church's public services to the increasing administrative resources of the modern state,⁴⁸ while Carl J. Friedrich has supported the thesis that the rise of modern government is virtually identical with the development of administrative bureaucracy.⁴⁹

⁴³ William Stubbs, *The Constitutional History of England* (Oxford: The Clarendon Press, 1891).

⁴⁴ Thomas F. Tout, *Chapters in the Administrative History of Medieval England* (Manchester: The University Press, 1920).

⁴⁵ See for example William E. Lunt, *Papal Revenues in the Middle Ages* (New York: The Columbia University Press, 1934).

⁴⁶ The most extensive studies of parish administration are those for a later period (1689-1835) by Sydney and Beatrice Webb, *English Local Government from the Revolution to the Municipal Corporation Act* (The Parish and the County) (London: Longmans Green and Company, 1906). There is one suggestively entitled volume by the Rev. Thomas Joseph McDonough, *Apostolic Administrators: An Historical Synopsis and Commentary* (Washington: The Catholic University of America Press, 1941). The book is merely a technical study in canon law dealing with the power and status of papal representatives.

⁴⁷ Willard and Morris, *The English Government at Work 1327-1336* p. vii.

⁴⁸ *The Development of Public Services in Western Europe 1660-1930* (London: Oxford University Press, 1944) pp. 67-8.

⁴⁹ *Constitutional Government and Politics* (Boston: Little Brown and Company, 1941) pp. 19-20. See also Carl J. Friedrich and Taylor Cole, *Responsible Bureaucracy* (Cambridge: Harvard University Press, 1932), Chapter 1.

6. THE GERMAN AND AUSTRIAN CAMERALISTS AS MODERN ADMINISTRATORS

The belief that systematic administration is a product only of the last century or two should finally be dispelled by the study of the Cameralist period. The Cameralists were a group of German and Austrian professors and public administrators whose activities have been traced as far back as 1550, and who flourished especially during the 1700's. The period of the Cameralists coincided with the centralized paternalistic state of Frederick William I of Prussia (1713-40) and Maria Theresa of Austria (1740-80). The Cameralists have generally been identified with the British Mercantilists and the French Physiocrats, and in common with these schools of political economy, they emphasized the enhancement of the physical wealth of the state. However, they expressed this interest not only in terms of national economics and fiscal reforms, but equally in terms of systematic administration, particularly in the field of public administration. To what extent Cameralist thought and practice incorporated administration as a body of general knowledge comparable to contemporary public management can be judged from the quotations below from Melchoir von Osse, Georg Zincke and Johann von Justi. These writers combined professorial posts with public service to the emerging German nation. Although Osse appeared so early (1550) that his identification with Cameralism is remote, by the time Justi appeared in 1760, the movement was in full swing, and indeed Justi did little more than popularize the vast body of knowledge and practice already available.

The foremost scholar of Cameralism at the height of its development in the seventeenth century was Georg Zincke. He probably did more for the training of administrators than any other Cameralist. As a professor at Leipzig, he offered courses in the "Science of Law and Cameralism." His bibliography on Cameralism had over 2,000 titles of which 500 dealt with financial administration, and 500 with other distinct administrative topics, including 164 titles on "agricultural administration" alone. To facilitate the use of this material by his numerous students who were training for the public service, he classified each of these bibliographical items as "learned" or "unlearned," and as "very good," "good," "moderately good," "bad" or "very bad."⁵⁰ He is quoted below from his own comprehensive *Cameralist Library*, which is a four-volume treatise on the procedures and principles of political economy, fiscal science, and public administration.

⁵⁰ Small: *The Cameralists*, p. 256.

No discussion of Cameralism would be complete without reference to the modern scholar of this historical movement, Professor Albion W Small of the University of Chicago. Although he was primarily a sociologist and social theorist, Small was the American discoverer, interpreter, and translator of the whole Cameralist school of public administration.

(a) MELCHOIR VON OSSE

Testament²¹

It is among all wise people beyond dispute, that every magistracy may prove and make evident its virtue and aptitude in two ways. First, in time of war, through manly deeds, good sagacious projects, and protection of their lands and subjects, second in time of peace, through ordering and maintaining of good godly righteous government, judiciary, and policey [administration].

And since every government in temporal affairs is of two parts, namely government and policey [administration] and then the judiciary and justice, it is in order that the aforementioned land in this respect also should be blessed of God before many other lands. For, in the first place, as respects the government, His Excellency [The Elector of Saxony] ordered his court with many dignified people, with counts, nobles, doctors, etc., who hear the causes presented reflect upon these matters, weigh and consult and with timely advice render true and right decisions. His Excellency has also filled the civic offices with functionaries, with orders that each shall receive what is due, and that justice shall always be rendered to the subjects. For in this country, God be praised domestic peace is maintained, and many wholesome publications appear against oppression and irregular administration.

(b) GEORG ZINCKE

Cameralist Library²²

Using means of livelihood is called managing [wirtschaften]. When the produce provides not merely the wants and conveniences of physical life, but also that excess which we call riches, we call it good management. If the means of livelihood for a land and people are to be flourishing good management must prevail among and over them. It follows that the ruler, or those who assist him in these important matters, must have the knowledge necessary to insure good management, and must

²¹ Melchoir von Osse Testament quoted in Small The Cameralists selected from pp. 25-6, 28-9. Reprinted by permission of The University of Chicago Press Copyright 1909. The University of Chicago Press.

²² Georg Zincke Cameralist Library, quoted in Small The Cameralists p. 253. Reprinted by permission of The University of Chicago Press Copyright 1909, The University of Chicago Press.

exert the utmost endeavor to secure the application of this knowledge throughout the land. This is necessary not only for the sake of promoting good management in the land, and to put the people in the way of ready means, but it is necessary in order to secure the sources of the prince's own ready means.

It follows that a prince needs genuine and skillful cameralists. By this name we mean those who possess fundamental and special knowledge about all or some particular part of those things which are necessary in order that they may assist the prince in maintaining good management in the state.

(C) JOHANN VON JUSTI

Political Economy⁵³

The great management of the state rests virtually upon the same rules which other management must observe. In both establishments the ultimate purposes are to acquire "means," to assure what has been acquired, and to use reasonably the goods possessed. The housekeeping of the state is merely of incomparably greater extent than that of a private person.

Next to the economic lectures should follow in order the course on police science. This is also the first part of the great *Oekonomie* (management) of the state, since it includes the chief measures intended to preserve and increase the general means of the republic. All the methods whereby the riches of the state may be increased, in so far as the authority of the government is concerned, belong consequently under the charge of the police. The science of police is consequently the more immediate basis for the cameral and finance sciences proper, and the expert in police science must sow, as it were, in order that the cameralist in turn may reap.

It will hardly be supposed that I should regard a single man as sufficient to teach the economic and cameralistic sciences in universities. At least two teachers should be appointed, of whom the one should deal chiefly with police and commercial science, the other with economics and finance. For if these sciences are to be taught completely, fundamentally and to real purpose, each of these professors must have time to treat of this or that portion of his sciences in detail in separate courses of lectures, in order that each may have opportunity to make himself proficient in that branch to which he proposes to devote himself. Some will want to make a career in the manufacturing system, some in the bureaus of taxation and revenue, some in forestry, or the forestry bureau, and all must have opportunity to get detailed instruction in the selected specialty. The traditional professorship of politics in the universities should be so filled that future ambassadors and ministers could profitably hear the occupant dis-

⁵³ Johann von Justi: *Political Economy*, quoted in Small: *The Cameralists*, adapted from pp. 303, 306-07. Reprinted by permission of The University of Chicago Press. Copyright 1909, The University of Chicago Press.

cuss statesmanship, and so that the doctrines taught would not seem ridiculous to actual ministers and statesmen

(d) ALBION SMALL

The Cameralists⁵⁴

The term *Kammer*, derivatives of which have been transliterated into English to denote a theory and practice for which Englishmen have no exact equivalent, is itself a variant of the Latin *camera*, in turn from the Greek *Kαμαρα* 'anything with a vaulted roof or arched covering', Heyse's *Fremdwörterbuch* [says] *camera* or *Kammer* in the more restricted sense is the apartment where the counselors charged with administration of the revenues of a principality assembled the persons themselves, *Kammerrathe* and *Kammer Assessoren*. Cameralism was the routine of the bureaus in which the administrative employees of governments, first of all in the fiscal departments, did their work, or in a larger sense it was systematized governmental procedure the application of which was made in the administrative bureaus. Lewis, in *Conrad's Dictionary*, under the title *Kameralwissenschaft* states that the emperor Maximilian I established several *Reichskammer*, e.g., the *Kammergericht*, 1495, and that in the course of the sixteenth century the type of administration began to be developed in the chief states of the Empire.

Cameralism was an administrative technology. Ludewig (1727) specifies and partially describes in turn, as items in the excellence of the Prussian system the administration of charity, medical and sanitary institutions, colonies, the establishment of many industries, and regulation of the same, redemption of waste lands, construction of water ways, profitable farming of certain royal prerogatives, selection of capable young men as subordinates in administrative offices, written ordinances and laws for all functionaries, reforms of the currency, establishment of the office of comptroller, careful signing of royal decrees, administration of justice and expediting of legal processes, consequent improvement of the royal finances, simplification of ceremonial.

In a word, the cameralists were a series of German writers, from the middle of the sixteenth to the end of the eighteenth century, who approached civic problems from a common viewpoint, who proposed the same central question, and who developed a coherent civic theory, corresponding with the German system of administration at the same time in course of evolution.

In Small's aptly described term, *Camera*, the reader will recognize the elements of the Exchequer of Fitz Neal's day, and in the

⁵⁴ Small *The Cameralists* adapted from pp vii-viii 2 18 217-18 591. Reprinted by permission of The University of Chicago Press. Copyright 1909, The University of Chicago Press.

strange German term *policey*, the reader will discover the concept of police, the forebear of the term *public administration* in the United States.⁵⁵ Moreover, there were a score of other well-known seventeenth- and eighteenth-century Cameralists besides Osse, Zincke, and Justi, who ably combined scholarship and practice in the administrative field, especially Seckendorff, Gasser, Dithmar, and Sonnenfels.⁵⁶ These phases of the Cameralist philosophy were not widely studied in the United States, but contemporary scholars with a good grasp of this era of European history thoroughly agree with Small's unique interpretation of the Cameralists' role in developing the social sciences and the administrative disciplines.⁵⁷

7. SCIENTIFIC ADMINISTRATION IN THE NINETEENTH CENTURY

While the Cameralist philosophy did not make much headway outside Germany and Austria, in the major European countries a parallel tendency existed during the eighteenth and nineteenth centuries "to promote the growth of a common European standard of administration and public service."⁵⁸ Meanwhile, what was happening in the emerging American culture?

The formation of the United States was not merely a revolutionary achievement in widening the scope of political democracy for mankind. The United States also represented a notable development in executive and administrative achievement, including, first, the successful establishment of the elective presidency as a continuous system for the executive management of a republic; and second, the phenomenal growth of scientific management. The end of the nineteenth century also witnessed in the United States a revival of administrative speculation in which Woodrow Wilson played a large part. In analyzing administrative history, Wilson gives due credit to the Prussian background, although he does not refer to the Cameralist contribution, nor does he agree that "systematic" administration had received much attention before the nineteenth century. Regardless of the validity of this interpretation, Wilson's conception of the "Study of Administration," presented in 1886, was another landmark in the history of this significant field of knowledge.

⁵⁵ See Chapter 20.

⁵⁶ Small: *The Cameralists*.

⁵⁷ Louise Sommer: "Cameralism." *Encyclopedia of the Social Sciences*, vol. 2, pp. 158-60. Carl J. Friedrich: "The Continental Tradition of Training Administrators in Law and Jurisprudence." *The Journal of Modern History*, June 1939, vol. 11, pp. 129-48.

⁵⁸ Barker: *The Development of Public Services in Western Europe*, p. 93.

WOODROW WILSON

"The Study of Administration"⁸⁹

The science of administration is the latest fruit of that study of the science of politics which was begun some twenty two hundred years ago. It is a birth of our own century, almost of our own generation. No one wrote systematically of administration as a branch of the science of government until the present century had passed its first youth and had begun to put forth its characteristic flower of systematic knowledge. Up to our own day all the political writers whom we now read had thought, argued, dogmatized only about the constitution of government. The question was always: Who shall make law, and what shall that law be? The other question, how law should be administered with enlightenment, with equity, with speed, and without friction, was put aside as 'practical detail' which clerks could arrange after doctors had agreed upon principles.

One does not have to look back of the last century for the beginnings of the present complexities of trade and perplexities of commercial speculation, nor for the portentous birth of national debts. Good Queen Bess, doubtless, thought that the monopolies of the sixteenth century were hard enough to handle without burning her hands, but they are not remembered in the presence of the giant monopolies of the nineteenth century. The perennial discords between master and workmen which now so often disturb industrial society began before the Black Death and the Statute of Laborers, but never before our own day did they assume such ominous proportions as they wear now. In brief, if difficulties of governmental action are to be seen gathering in other centuries, they are to be seen culminating in our own.

This is the reason why administrative tasks have nowadays to be so studiously and systematically adjusted to carefully tested standards of policy, the reason why we are having now what we never had before, a science of administration. The weightier debates of constitutional principle are even yet by no means concluded, but they are no longer of more immediate practical moment than questions of administration. It is getting to be harder to run a constitution than frame one.

But where has this science of administration grown up? Surely not on this side of the sea. American writers have hitherto taken no very important part in the advancement of this science. It has found its doctors in Europe. It is not of our making, it is a foreign science, speaking very little of the language of English or American principle. It employs only foreign tongues. It has been developed by French and German professors. If we would employ it, we must Americanize it.

To what extent Wilson is correct in implying the recentness of systematic administration is a question of definition and interpreta-

⁸⁹ Woodrow Wilson, "The Study of Administration," *Political Science Quarterly*, June 1887, vol. 2, selected from pp. 198-202, 204. See also Chapter 3, n. 4.

tion which the reader may determine for himself in the light of the evidence presented in this chapter. There are extenuating factors if Wilson's interpretation is rejected. For one thing, many of the records and researches now available about the ancient and medieval periods were accumulated after Wilson studied and taught political science and public administration. Moreover, Wilson did not expect that his "paper" would be accepted as the authoritative or scholarly essay on the subject, and he frankly said to the editor of the *Political Science Quarterly* when he submitted it for publication in 1886: "I send the paper, but I wish to be taken literally—as meaning what I say in just the way I say it—when I suggest that if you return it, so far from hurting my feelings in the least, you will only be confirming me in the thought that it is too slight."⁶⁰

Nevertheless, as Wilson indicates, administrative development in America borrowed noticeably from European and particularly from German political science and Prussian public administration, which in turn had grown out of the Cameralist school.

8. MANAGEMENT IN THE TWENTIETH CENTURY

Another development in addition to the governmental was the impetus given to administrative technique by the industrial revolution, as explained in the following contribution from Charles Beard.

CHARLES A. BEARD

"The Elements of Scientific Administration"⁶¹

While the lawyers were monopolizing the science of public administration there was growing up outside the academic world an inchoate science of industrial administration, known as scientific management. The origins of this new and significant movement in human thought have been traced back as far as 1832, when Charles Babbage, an English student of industry, wrote his treatise on *The Economy of Manufacturers*. About fifty years later, Henry R. Towne, an American manufacturer and head of a large industry, sought to interest engineers and administrators in the aspects of management in industry. This seed fell upon stony ground, although Mr. Towne successfully applied some of his principles in his own factory. It was not until 1903 that the modern science of management really began to take form. In that year, Frederick W. Taylor read before the American Society of Mechanical Engineers a paper on the

⁶⁰ Wilson: Letter to Edward Seligman, November 11, 1886.

⁶¹ Charles A. Beard: "The Elements of Scientific Administration." *Public Policy and General Welfare*, selected from pp. 152-5. Reprinted by permission of Rinehart and Company, Inc. Copyright 1941.

principles of scientific shop management This was the beginning of a flood of literature on the subject which has grown into a vast body of knowledge embracing experience practice, and theory

In 1907, four years after Mr Taylor announced the results of his studies to the American Society of Mechanical Engineers, there was incorporated in New York City a new institution which was destined to work a profound influence on the study of public administration in the United States I refer to the New York Bureau of Municipal Research The purposes of this institution among others were (1) to promote efficient and economical municipal government (2) to promote the adoption of scientific methods of accounting and reporting the details of municipal business, and (3) to collect, classify, analyze, correlate, and publish facts as to the administration of municipal government

The Bureau of Municipal Research however, laid special stress upon the comparative study of public and private administration It took as its concrete data the experiences of American manufacturing corporations as well as the experiences of public administration It observed the ways in which private corporations managed finances and accounts, kept pay rolls, purchased supplies, and organized huge labor forces In a word, it sought to unite in the science of administration a wide range of human administrative experience public and private

There is considerable confirmation for the view that scientific management was perfected by Frederick W. Taylor in the early 1900's and that it goes back as far as the early 1800's to Charles Babbage but each authority who acquiesces in this conclusion also suggests that there were origins behind Babbage Thus Schuyler Wallace, who also refers to Babbage's work as a precedent for Taylor's contributions to scientific management, traces this phase of the industrial revolution back to medieval, military, and ecclesiastical administration⁶² British authorities also cite Babbage as a forerunner to Taylor but some, like L. Urwich and E. F. L. Brech, remind us that Babbage was himself indebted to Monsieur Coulomb for his 'time observation'⁶³ On the other hand Harlow S. Person, the American student of scientific management, links Babbage with an earlier Frenchman, Monsieur Perronet, a pin manufacturer who made 'over all time studies of the major operations involved'⁶⁴

But the 'origins' continually recede Oliver Sheldon, the English philosopher of management who in 1925 was one of the first to remind us of Babbage's contribution, went still further back, as we have

⁶² Wallace *Federal Departmentalization* p 5

⁶³ Urwich and Brech *The Making of Scientific Management* London Management Publications Trust 1945 vol 1 p 25

⁶⁴ Harlow S. Person *The Genius of Frederick W. Taylor* *Advanced Management* January-March 1945 vol 10 p 4

seen, to the thirteenth-century Walter of Henley as "the earliest protagonist of scientific management." Sheldon then concluded: "Each generation has doubtless had its scribe who thought scientifically about the ploughing of the soil, the throwing of the shuttle, the beating of the iron, or the hewing of the trees. Then came the days when the ploughman, the weaver, the smith and the woodman discarded the old tools of their crafts, and strode amazedly into the towns where the new factories reared their ugly forms. . . . So finally, the torch was handed on from one generation to another, till, amid the immense structure of American industry, it passed to the hand of Frederick Taylor."⁶⁵

Frederick W. Taylor is part of the detailed story of American administration which is reserved for the next chapter, but meanwhile we may conclude that if modern management is modern in origin, it is so by definition only. The technique of management, like the art of administration and the science of organization, has ancient roots and medieval branches.

SUMMARY

Information on many current issues of modern management can be found in a variety of historical sources. The ancient Egyptians had a long experience with bureaucratic civilization. Civil service systems were highly developed by the Chinese. The Greeks had a system of democratic control over administration, whatever we may think of it, and the Romans could teach us much about large-scale management and international administration. As to the use of established procedures for the management of affairs, we could profit from the study of the methods of monks and medieval magistrates. And as to administrative systemization, in terms of both professional practice and scientific speculation, the ideas of the Cameralists of two hundred years ago have not yet been surpassed.

Administrative history, therefore, has not been a straight-line development. The various elements of administration have risen and declined and then risen again; there are ancient origins of supposedly modern aspects; and imperceptibly, accretions of administrative lore and management technique have become inextricably interwoven with our civilization. Perhaps the major new component contributed by modern science to the ancient art of administration has been on

⁶⁵ Oliver Sheldon: "The Development of Scientific Management in England." *Harvard Business Review*, January 1925, vol. 3, p. 129. But a similar sort of scientific thoroughness was attributed to *De Agricultura* of Cato (234-148 B.C.) and to *Rerum Rusticarum* of Varro (116-28 B.C.). See Fairfax Harrison: "A Virginia Farmer," *Roman Farm Management*. New York: The Macmillan Co.; 1913.

the technological side, including the combination of mechanical, methodological, and managerial technique. Professor Harold Zink, one of the political scientists who agree that modern administration is not so modern after all, points out furthermore that in the past "there was not the detailed consideration, the organized attention, the elaborately planned programs, and the high degree of professionalism." ⁶⁶ Finally, the belief has emerged, in the course of the development of the human intelligence, that the administrative technology itself is a most promising tool for the welfare of mankind and must be more systematically pursued.

⁶⁶ Harold Zink *Government and Politics in the United States* New York: The Macmillan Company, 1942, p. 493

CHAPTER FIVE

AMERICAN ADMINISTRATION

ALTHOUGH history reveals many common threads of administrative experience, individual nations reflect unique and varied administrative characteristics. The United States, for example, melting pot of other cultures though it may be, has a singular administrative heritage. Some aspects of the American administrative system have already been described, such as the constant drive to free administration from "politics"; and throughout this book other aspects of American administration will be analyzed in further detail. In this chapter only the most distinctive features of American administration will be discussed.

One can, of course, extract from a careful study of American administration a long list of basic administrative qualities, but they would all tend to fall between the two dominant American predilections for (1) democratic participation or control and (2) technical competence and efficiency. Almost by definition the emphasis of an administrative system is on technical efficiency; but, diverting as it may seem to the students of administrative technique, popular participation or democratic control over administration is as prominent a part of the American administrative system as is technical competence.

1. THE ADMINISTRATIVE IMPULSE IN AMERICAN DEMOCRACY

This democratic control was evident from the nation's beginning. Even Alexander Hamilton, who preferred an executive elite of aristo-

cratic character, wished to combine "a vigorous Executive" with the more popular 'genius of republican government'. Consequently, he wrote as follows in the *Federalist* in 1788 about the emerging system of American administration

(a) ALEXANDER HAMILTON

The *Federalist*, Number 70¹

There is an idea, which is not without its advocates, that a vigorous Executive is inconsistent with the genius of republican government. The enlightened well wishers of this species of government must at least hope that the supposition is destitute of foundation since they can never admit its truth, without at the same time admitting the condemnation of their own principles. Energy in the Executive is a leading character in the definition of good government. It is essential to the protection of the community against foreign attacks, it is not less essential to the steady administration of the laws to the protection of property against those irregular and high handed combinations which sometimes interrupt the ordinary course of justice; to the security of liberty against the enterprises and assaults of ambition of faction, and of anarchy. Every man the least conversant in Roman story knows how often that republic was obliged to take refuge in the absolute power of a single man, under the formidable title of Dictator, as well against the intrigue of ambitious individuals who aspired to the tyranny, and the seditions of whole classes of the community whose conduct threatened the existence of all government as against the invasions of external enemies who menaced the conquest and destruction of Rome.

There can be no need however, to multiply arguments or examples on this head. A feeble Executive implies a feeble execution of the government. A feeble execution is but another phrase for a bad execution, and a government ill executed, whatever it may be in theory, must be, in practice, a bad government.

(b) ALEXANDER HAMILTON

The *Federalist*, Number 72²

The administration of government, in its largest sense, comprehends all the operations of the body politic, whether legislative, executive, or judiciary, but in its most usual and perhaps its most precise signification, it is limited to executive details and falls peculiarly within the province of the executive department. The actual conduct of foreign negotiations, the preparatory plans of finance, the application and dis-

¹ Alexander Hamilton. *The Federalist* Number 70. New York Packet. March 18 1788.

² Alexander Hamilton. *The Federalist* Number 72. New York Packet. March 21 1788.

bursement of the public moneys in conformity to the general appropriations of the legislature, the arrangement of the army and navy, the directions of the operations of war,—these, and other matters of a like nature, constitute what seems to be most properly understood by the administration of government. The persons, therefore, to whose immediate management these different matters are committed, ought to be considered as the assistants or deputies of the chief magistrate, and on this account they ought to derive their offices from his appointment, at least from his nomination, and ought to be subject to his superintendence. This view of the subject will at once suggest to us the intimate connection between the duration of the executive magistrate in office and the stability of the system of administration.



This American device, the administratively powerful yet democratically controlled type of executive, represented what is perhaps the most creative contribution of American administration. The historic uniqueness of the American presidency rested on the fact that the ultimate power of public management was concentrated in the hands of an elected chief executive instead of a hereditary monarch, an executive who was "at one and the same time the chief of state, the leader of the legislature, the leader of a political party, the commander-in-chief of the military forces of the nation, and the executive manager of the government."³

Fortunately, the philosophy and program of the first President was conducive to the success of this system from the beginning.⁴ Washington, too, believed that "free and equal Representation of the People," and "an efficient and responsible Executive" were "the great Pillars" on which the new country was to rest.⁵ While Washington, in his first inaugural address, claimed he was "unpracticed in the duties of civil administration," his whole record as provincial surveyor, land merchant, army commander, plantation manager, and President, bespeaks his devotion to the canons of proficient administration.⁶ He was himself a highly efficient administrator and on one occasion pointed out to his plantation manager: "There is much more in what is called hard work, that is in the matter of conducting business, than is generally imagined."⁷ He even cautioned his "Execu-

³ Louis Brownlow: "The Executive Office of the Presidency." *Public Administration Review*, Winter 1941, vol. 1, p. 102.

⁴ White: *The Federalists*. James Hart: *The American Presidency In Action: 1789, A Study In Constitutional History*. New York: The Macmillan Company; 1948.

⁵ George Washington: Letter to Catherine Macaulay Graham, January 9, 1790. John C. Fitzpatrick (ed.): *The Writings of George Washington*, vol. 30, p. 496.

⁶ White: *The Federalists*, p. 101. Douglas Southall Freeman: *George Washington*. New York: Charles Scribner's Sons; 1948.

⁷ George Washington: Instructions to John Fairfax, January 1, 1789. Fitzpatrick: *The Writings of George Washington*, vol. 30, pp. 175-6, n. 4.

tive Officers" of cabinet rank "In all important matters, to deliberate maturely, but to execute promptly and vigorously And not to put things off until the Morrow which can be done, and require to be done, today Without an adherence to these rules, business never will be well done, or done in an easy manner, but will always be in arrear, with one thing treading upon the heels of another" ⁸ Although he did not express a systematic formulation of executive responsibility, Washington offered more than mere platitudes on administrative efficiency From the standpoint of governmental technique, he was one of a compact group of American leaders who, as Leonard D White has shown in his classic study of *The Federalists*, had "an intuitive grasp of the administrative art" and who "set new levels of achievement before a people still close to colonial dependence" ⁹

During the Federalist period, even the "new science of business," according to one Boston banker in 1784, "has been greater than our most sanguine expectation ever had form'd" ¹⁰ At the same time, the new government set out to encourage the related field of industry with its endless possibilities for technical perfection Washington in 1790 found that "the number of new manufactures introduced in one year is astonishing," and in 1791, Alexander Hamilton, the first Secretary of the Treasury, chose deliberately the direction of the nation's technological development in basing his report on Manufactures upon "the truth" that "manufacturing pursuits are susceptible in a greater degree of the application of machinery than those of agriculture" ¹¹

Hamilton saw reflected in his own administrative genius some of the tremendous technical competence of American management in both public and private affairs Retired from the Secretaryship of the Treasury to private practice in New York City but still active in politics, he wrote in 1798 concerning "the business of government" "I anticipate with you that this country will, ere long, assume an attitude

⁸ George Washington Letter to the Secretary of War June 13, 1796 Fitzpatrick *The Writings of George Washington* vol 35, p 138

⁹ White *The Federalists* p 513

¹⁰ Letter of Thomas Willing to William Phillips and others January 6 1784 Bank of North America Letter Book Quoted in N S B Gras *The Massachusetts First National Bank of Boston 1784-1934* Cambridge Harvard University Press 1937 pp 710-11 See also Robert A East *Business Enterprise in the American Revolutionary Era* New York The Columbia University Press 1938 *Studies in History Economics and Public Law* No 439

¹¹ George Washington Letter to Catherine Macaulay Graham January 9 1790 Fitzpatrick *The Writings of George Washington* p 497

¹² Alexander Hamilton *Manufactures Submitted to the House of Representatives* December 5 1791 Henry Cabot Lodge (ed) *The Works of Alexander Hamilton* New York G P Putnam's Sons, vol 4, p 89

correspondent with its great destinies—majestic, efficient, and operative of great things. A noble career lies before it.”¹³

2. THE DEMOCRATIC CHARACTER OF AMERICAN ADMINISTRATION

Alexis de Tocqueville was a twenty-five-year-old French judge when he came to the United States in 1831 to study certain American prison reforms that had been reported in Europe. De Tocqueville decided, however,¹⁴ to devote the bulk of his time and effort to extensive visiting and note-taking throughout the United States. He was enamoured of the new American republic, and he felt that France, suffering from the effects of an “unfinished revolution,” ought to be told how this experiment in democracy actually functioned. His *Democracy in America*, published in 1835, has been widely regarded as the most outstanding foreign classic on American life of the nineteenth century. Some of its keenest passages concerned the democratic bases of American administration.

ALEXIS DE TOCQUEVILLE

Democracy in America¹⁵

Nothing is more striking to a European traveler in the United States than the absence of what we term the government, or the administration. Written laws exist in America, and one sees the daily execution of them; but although everything moves regularly, the mover can nowhere be discovered. The hand that directs the social machine is invisible. Nevertheless, as all persons must have recourse to certain grammatical forms which are the foundation of human language, in order to express their thoughts, so all communities are obliged to secure their existence by submitting to a certain amount of authority, without which they fall into anarchy. This authority [consists in America] in distributing the exercise of its powers among various hands and in multiplying functionaries, to each of whom is given the degree of power necessary for him to perform his duty.

The political activity that pervades the United States must be seen in order to be understood. No sooner do you set foot upon American

¹³ Alexander Hamilton: Letter to Rufus King, October 2, 1798. Lodge: *The Works of Alexander Hamilton*, vol. 10, p. 321.

¹⁴ Phillips Bradley: Introduction to De Tocqueville: *Democracy in America*. New York: Alfred A. Knopf, Inc.; 1945.

¹⁵ Alexis de Tocqueville: *Democracy in America*. Adapted from vol. 1, pp. 7, 70, 91-2, 211-12, Chapter 14. Reprinted by permission of Alfred A. Knopf, Inc. Copyright 1945, Alfred A. Knopf, Inc.

ground than you are stunned by a kind of tumult, a confused clamor is heard on every side, and a thousand simultaneous voices demand the satisfaction of their social wants. Everything is in motion around you, here the people of one quarter of a town are met to decide upon the building of a church, there the election of a representative is going on, a little farther, the delegates of a district are hastening to the town in order to consult upon some local improvements, in another place, the laborers of a village quit their plows to deliberate upon the project of a road or a public school. Meetings are called for the sole purpose of declaring their disapprobation of the conduct of the government, while in other assemblies citizens salute the authorities of the day as the fathers of their country. Societies are formed which regard drunkenness as the principal cause of the evils of the state and solemnly bind themselves to give an example of temperance. If an American were condemned to confine his activity to his own affairs he would be robbed of one half of his existence, he would feel an immense void in the life which he is accustomed to lead, and his wretchedness would be unbearable.

How does it happen that in the United States, where the inhabitants have only recently immigrated to the land which they now occupy, and brought neither customs nor traditions with them there, where they met one another for the first time with no previous acquaintance where, in short the instinctive love of country can scarcely exist how does it happen that everyone takes as zealous an interest in the affairs of his township, his county, and the whole state as if they were his own? It is because everyone, in his sphere, takes an active part in the government of society.


The citizen looks upon the fortune of the public as his own, and he labors for the good of the state, not merely from a sense of pride or duty but from what I venture to term cupidity. It is unnecessary to study the institutions and the history of the Americans in order to know the truth of this remark for their manners render it sufficiently evident. As the American participates in all that is done in his country, he thinks himself obliged to defend whatever may be censured in it, for it is not only his country that is then attacked, it is himself. The consequence is that his national pride resorts to a thousand artifices and descends to all the petty tricks of personal vanity. Nothing is more embarrassing in the ordinary intercourse of life than this irritable patriotism of the Americans.

In the United States, where public officers have no class interests to promote the general and constant influence of the government is beneficial although the individuals who conduct it are frequently unskillful and sometimes contemptible. There is, indeed, a secret tendency in democratic institutions that makes the exertions of the citizens subservient to the prosperity of the community in spite of their vices and mistakes, while in aristocratic institutions there is a secret bias which, notwithstanding the talents and virtues of those who conduct the government, leads them to contribute to the evils that oppress their fellow creatures. In

aristocratic governments public men may frequently do harm without intending it; and in democratic states they bring about good results of which they have never thought. The men who are entrusted with the direction of public affairs in the United States are frequently inferior, in both capacity and morality, to those whom an aristocracy would raise to power. It is incontestable that the people frequently conduct public business very badly; but it is impossible that the lower orders should take a part in public business without extending the circle of their ideas and quitting the ordinary routine of their thoughts. The humblest individual who cooperates in the government of society acquires a certain degree of self-respect; and as he possesses authority, he can command the services of minds more enlightened than his own. He is canvassed by a multitude of applicants, and in seeking to deceive him in a thousand ways, they really enlighten him. He takes a part in political undertakings which he did not originate, but which give him a taste for undertakings of the kind. I have no doubt that the democratic institutions of the United States, joined to the physical constitution of the country, are the cause (not the direct, as is so often asserted, but the indirect cause) of the prodigious commercial activity of the inhabitants.

The authority which public men possess in America is so brief and they are so soon commingled with the ever changing population of the country that the acts of a community frequently leave fewer traces than events in a private family. The public administration is, so to speak, oral and traditional; no one cares for what occurred before his time: no methodical system is pursued, no archives are formed, and no documents are brought together.

Nevertheless, the art of administration is undoubtedly a science. But the persons who conduct the administration in America can seldom afford any instruction to one another. In America the power that conducts the administration is far less regular, less enlightened, and less skillful, but a hundredfold greater than in Europe. In no country in the world do the citizens make such exertions for the common weal. I know of no people who have established schools so numerous and efficacious, places of public worship better suited to the wants of the inhabitants, or roads kept in better repair. Uniformity or permanence of design, the minute arrangement of details, and the perfection of administrative system must not be sought for in the United States; what we find there is the presence of a power which, if it is somewhat wild, is at least robust, and an existence checkered with accidents, indeed, but full of animation and effort. The first of the duties that are at this time imposed upon those who direct our affairs is to educate democracy, to reawaken, if possible, its religious beliefs; to purify its morals; to mold its actions; to substitute a knowledge of statecraft for its inexperience, and an awareness of its true interest for its blind instincts, to adapt its government to time and place, and to modify it according to men and to conditions. A new science of politics is needed for a new world.



De Tocqueville was addressing himself not only to America but to France and the rest of Europe, where administration had remained largely unaffected by the levelling movements touched off by the American Revolution¹⁶ De Tocqueville's America, however, had heard President Andrew Jackson in his first annual message to Congress in December 1829 advocate that "the duties of all public officers are, or at least admit of being made, so plain and simple that men of intelligence may readily qualify themselves for their performance" The result may have been that the public business was sometimes administered "very badly" as de Tocqueville indicated, although there has been some exaggeration of Jacksonian inefficiency and a distinct lack of appreciation of Jackson's personal skill as an administrator¹⁷ In any case, the Jacksonian emphasis upon democratic participation in administering American affairs has been hailed for its salutary effects by foreign observers, both before and after de Tocqueville,¹⁸ as the very essence of the American epic One hundred years after de Tocqueville, another penetrating French observer, André Siegfried, came to America and reported "A European in America is rather puzzled when he comes to look for the state . . . It is difficult to distinguish the state from the majority of its citizens, of whom it is really the reflection . . . Lack of permanency in the administration is another result of the direct type of democracy that exists in America"¹⁹ Although there had been a notable evolution since de Tocqueville's day, the drive for democratic control, as Siegfried pointed out a century afterward, still persisted in playing a major role in the management of American affairs

3 ORIGINS OF THE AMERICAN EFFICIENCY MOVEMENT

De Tocqueville's democratic America is only part of the overall picture The technical aspect of American administration, the efficient America that constantly seeks technological proficiency and

¹⁶ For the study of this "levelling" influence on American administration, studies of state and local affairs are more revealing than the well known facts at the Federal level See the series of studies launched by the Committee on Research in Economic History of the Social Science Research Council especially Oscar Handlin and Mary Flug Handlin *Commonwealth Massachusetts 1774-1861* New York New York University Press, 1947

¹⁷ Albert Somit "Andrew Jackson As Administrator" *Public Administration Review* Summer 1948 vol 8 pp 188-96

¹⁸ See the foreign observers quoted by Henry Steele Commager (ed) *America in Perspective, The United States Through Foreign Eyes* New York Random House, Inc., 1947

¹⁹ André Siegfried *America Comes of Age* New York Harcourt, Brace and Company, 1927, p 240

perfection, completes the picture. For reasons which we will examine later, the efficiency movement has become associated with the engineer Frederick Taylor, who is honored with fathering the entire "scientific management" movement. Taylor, however, was preceded by a number of experts who helped win this reputation for American management. Henry R. Towne, President of the Yale and Towne Lock Company, is outstanding. In 1886, Towne delivered before the American Society for Mechanical Engineers his classic paper, quoted below, a paper which helped launch the efficiency movement in American management.

HENRY TOWNE

"The Engineer As An Economist"²⁰

To insure the best results, the organization of productive labor must be directed and controlled by persons having not only good executive ability, and possessing the practical familiarity of a mechanic or engineer with the goods produced and the processes employed, but having also, and equally, a practical knowledge of how to observe, record, analyze and compare essential facts in relation to wages, supplies, expense account, and all else that enters into or affects the economy of production and the cost of the product. There are many good mechanical engineers;—there are also many good "business men"—but the two are rarely combined in one person. But this combination of qualities, together with at least some skill as an accountant, either in one person or more, is essential to the successful management of industrial works, and has its highest effectiveness if united in one person, who is thus qualified to supervise, either personally or through assistants, the operations of all departments of a business, and to subordinate each to the harmonious development of the whole.

Engineering has long been conceded a place as one of the modern arts, and has become a well-defined science, with a large and growing literature of its own, and of late years has subdivided itself into numerous and distinct divisions, one of which is that of mechanical engineering. It will probably not be disputed that the matter of shop management is of equal importance with that of engineering, as affecting the successful conduct of most, if not all, of our great industrial establishments, and that the management of works has become a matter of such great and far-reaching importance as perhaps to justify its classification also as one of the modern arts. A vast amount of accumulated experience in the art of workshop management already exists, but there is no record of it available to the world in general, and each old enterprise is managed more or less in its own

²⁰ Henry Towne: "The Engineer as an Economist." *Transactions of the American Society of Mechanical Engineers*, 1886, vol. 7, pp. 428-9.

way receiving little benefit from the parallel experience of other similar enterprises. Surely this condition of things is wrong and should be remedied. But the remedy must not be looked for from those who are business men or clerks and accountants only, it should come from those whose training and experience has given them an understanding of both sides (viz. the mechanical and the clerical) of the important questions involved. It should originate therefore, from those who are also engineers.

Twentieth-century America has so thoroughly accepted the role of the engineer as industrial manager that Towne's summons to the engineers to become economists sounds somewhat out-of-date. Towne's paper of 1886 has been regarded in authoritative circles as 'a convenient milestone to mark the beginning of the management movement in American industry'.²¹ But like most "milestones" of management we find previous markers in what Towne termed 'the organization of productive work'. Washington himself, in transmitting to his farm manager, John Fairfax, "A View of the Work at the Several Plantations in the Year 1789 and General Directions for the Execution of it," illustrated Towne's later thesis in the following way: "For take two Managers and give to each the same number of labourers, and let these labourers be equal in all respects. Let both these Managers rise equally early, go equally late to rest, be equally active, sober and industrious, and yet, in the course of the year, one of them, without pushing the hands that are under him more than the other, shall have performed infinitely more work. To what is this owing? Why simply to contrivance resulting from that forethought and arrangement which will guard against the misapplication of labour."²²

Just as Towne had predecessors like Washington, so he also had like minded contemporaries and successors, the most renowned of whom was Frederick Taylor.

4 TAYLORISM—THE EFFICIENCY PHASE OF AMERICAN PRODUCTION

At the same session at which Towne delivered his notable paper to the American Society of Mechanical Engineers, a young engineer

²¹ The Taylor Society. *Scientific Management in American Industry*. Harlow S. Person (ed.) New York: Harper & Brothers, 1929, p. 6. See similar references in L. Urwick and E. F. L. Brech, *The Making of Scientific Management*, vol. 1: *Thirteen Pioneers*. London: Management Publications Trust, 1945, p. 33.

²² George Washington, Letter to John Fairfax, January 1, 1789. Fitzpatrick, *The Writings of George Washington*, vol. 30, pp. 175-76, n. 7.

from the Midvale Steel Company in Philadelphia, by the name of Frederick Winslow Taylor, made a few remarks about "the shop-order system of accounts." This system, Taylor asserted, had been developing at Midvale for "the past ten years" and furnished the "essential facts in relation to wages, supplies, expense" for Towne's "workshop management."²³ It was not until a generation later that Taylor's drab precision studies of the "time and motion" expended by workmen was defined as follows under the dramatic title of the "scientific management" movement: "Literally with a stop-watch, scale, and a tape, Mr. Taylor measured the distances that men and materials traversed, and gradually evolved the theory that a large percentage of both labor and material was needlessly wasted—often as high as 60 to 80 per cent in a single department—through improper supervision and direction. Through changes which he effected he materially reduced the time in which the operations were done. By a comparison of figures he expressed the economies which his method effected in specific terms of minutes, cents and ounces."²⁴

Frederick Taylor's biography is part of the intimate relationship between American management and American democracy.²⁵ After a liberal education in both American and European schools, he decided, in the midst of the severe depression which began in 1873, to become a machinist. Starting as a shop laborer at Midvale in 1878, his rise was rapid, and by 1884 he was made chief engineer. From the beginning he was interested in scientifically achieving "a bigger output" at the lathes, and he reported his experiments and achievements in a number of highly technical papers on "shop management" to the American Society of Mechanical Engineers.²⁶ It was not until 1911 that he refined the general principles of management which bear his name; but by this time the scientific management movement had acquired a broader connotation than Taylor had ever intended.

²³ Transactions of the ASME; 1886, vol. 7, pp. 475-6. The main paper delivered under the title, "The Shop-Order System of Accounts," was not Taylor's, but that of Henry Metcalfe of the Watervliet Arsenal in Troy, N. Y., *ibid.* pp. 440-68.

²⁴ A. W. Shaw: "'Scientific Management' in Business." Review of Reviews, March 1911, vol. 43, p. 327.

²⁵ For biographical sketches of Taylor see Frank B. Copley: *Frederick W. Taylor, Father of Scientific Management*. New York and London: Harper and Bros.; 1923, 2 vols. Harlow S. Person: "The Genius of Frederick W. Taylor." *Advanced Management*, January-March, 1945, vol. 10, pp. 2-11. Urwich and Brech: *The Making of Scientific Management*, vol. 1, Chapter 3.

²⁶ Frederick W. Taylor: "A Piece Rate System." Transactions of the ASME; 1895, vol. 16, pp. 856-903. This was later expanded and published as "Shop Management" in 1903, vol. 24, pp. 1337-1446. "The Art of Cutting Metals," *ibid.*, 1907, vol. 28, pp. 31-279.

FREDERICK TAYLOR

*The Principles of Scientific Management*²⁷

President [Theodore] Roosevelt, in his address to the Governors at the White House, prophetically remarked that "The conservation of our national resources is only preliminary to the larger question of national efficiency." "We can see our forests vanishing, our water powers going to waste, our soil being carried by floods into the sea, and the end of our coal and our iron is in sight. But our larger wastes of human effort, which go on every day through such of our acts as are blundering, ill-directed, or inefficient, and which Mr. Roosevelt refers to as a lack of "national efficiency," are less visible, less tangible, and are but vaguely appreciated.

We can see and feel the waste of material things. Awkward, inefficient, or ill-directed movements of men, however, leave nothing visible or tangible behind them. Their appreciation calls for an act of memory, an effort of the imagination. And for this reason, even though our daily loss from this source is greater than from our waste of material things, the one has stirred us deeply, while the other has moved us but little. The search for better, for more competent men, from the presidents of our great companies down to our household servants, was never more vigorous than it is now. And more than ever before is the demand for competent men in excess of the supply.

This paper has been written

FIRST To point out, through a series of simple illustrations, the great loss which the whole country is suffering through inefficiency in almost all of our daily acts.

SECOND To try to convince the reader that the remedy for this inefficiency lies in systematic management, rather than in searching for some unusual or extraordinary man.

THIRD To prove that the best management is a true science, resting upon clearly defined laws, rules, and principles, as a foundation. And further to show that the fundamental principles of scientific management are applicable to all kinds of human activities, from our simplest individual acts to the work of our great corporations, which call for the most elaborate cooperation.

One of the important objects of this paper is to convince its readers that every single act of every workman can be reduced to a science. With the hope of fully convincing the reader of this fact, therefore, the writer proposes to give several more simple illustrations from among the thousands which are at hand.

For example, the average man would question whether there is

²⁷ Frederick Taylor, *The Principles of Scientific Management*. Selected from pp. 5-7, 64-5. Reprinted by permission of Harper & Brothers. Copyright 1947 Harper & Brothers. The 1947 edition is published in a combined volume entitled *Scientific Management* which also contains Taylor's *Shop Management* and his testimony before the House of Representatives.

much of any science in the work of shoveling. Yet there is but little doubt, if any intelligent reader of this paper were deliberately to set out to find what may be called the foundation of the science of shoveling, that with perhaps 15 to 20 hours of thought and analysis he would be almost sure to have arrived at the essence of this science. On the other hand, so completely are the rule-of-thumb ideas still dominant that the writer has never met a single shovel contractor to whom it had ever even occurred that there was such a thing as the science of shoveling. This science is so elementary as to be almost self-evident.

For a first-class shoveler there is a given shovel load at which he will do his biggest day's work. What is this shovel load? Will a first-class man do more work per day with a shovel load of 5 pounds, 10 pounds, 15 pounds, 20, 25, 30, or 40 pounds? Now this is a question which can be answered only through carefully made experiments. By first selecting two or three first-class shovelers, and paying them extra wages for doing trustworthy work, and then gradually varying the shovel load and having all the conditions accompanying the work carefully observed for several weeks by men who were used to experimenting, it was found that a first-class man would do his biggest day's work with a shovel load of about 21 pounds. For instance, that this man would shovel a larger tonnage per day with a 21-pound load than with a 24-pound load or than with an 18-pound load on his shovel. It is, of course, evident that no shoveler can always take a load of exactly 21 pounds on his shovel, but nevertheless, although his load may vary 3 or 4 pounds one way or the other, either below or above the 21 pounds, he will do his biggest days work when his average for the day is about 21 pounds.

Despite the aura of broad principle with which Taylor's ideas have been surrounded, the essence of Taylorism remained this search for efficient operations in the individual mechanical process or in the single industrial plant, thereby making time-and-motion study "the chief cornerstone of scientific management."²⁸ Even in this field, Taylor had his peers and contemporaries, including his brilliant assistant, Henry L. Gantt, and Frank B. Gilbreth, who made contributions of great scientific precision to the fields of management and organization.²⁹ Indeed, if we are looking for the real origins of the components of American scientific management, we might well go back to men like Benjamin Franklin and his experiments, to Alexander Hamilton and his Society for Useful Manufactures, and certainly to Thomas Jefferson.

As a leader of the anti-Federalist Democratic-Republicans, Jeffer-

²⁸ Robert F. Hoxie: "Scientific Management and Labor Welfare." *Journal of Political Economy*, November 1916, vol. 24, p. 838.

²⁹ See Chapter 8. See also H. L. Gantt's *Work, Wages, and Profits*. New York: McGraw-Hill Book Company, Inc.; 1913.

son was reputed to be less interested in efficient management than were the commercially minded Federalists. In his scientific interests he was accused of "always pursuing visionary theories of the closet which experience constantly contradicts."³⁰ However, his skill as an effective manager of men and events has been underrated. Certainly no one who has seen Jefferson's home at Monticello can deny his typically American preoccupation with efficient operations in the form of scientific gadgets. In 1769, as he began to dig the foundation for his new home, he entered into his *Account Book* the following record of a phenomenally early type of time and motion study which later became the essence of Taylorism: "Four good fellows, a lad and two girls of about 16, each in 8½ hours dug in my cellar of mountain clay a place 3 feet deep, 8 feet wide and 16½ feet long equaling 14⅓ cubical yards under these disadvantages, to wit: a very cold snowy day which obliged them to be very often warming, under a cover of planks, so low, that in about half the work their stroke was not more than ⅔ of a good one, they ate their breakfast in the time which one of them went to cook, they were obliged to keep one or two constantly hauling away the earth to prevent its rolling in again. From [this] I think a midling hand in 12 hours (including his breakfast) could dig and haul away the earth of 4 cubical yards in the same soil."³¹

Perhaps it was because Taylor chose to focus the spotlight of 'scientific management' not on Theodore Roosevelt's Square Deal program to stop the 'sabotage' of the nation's resources but on the 'soldiering' of American workmen, that his system, though widely heralded in technical and intellectual circles, met such widespread resistance in the forum of public discussion and democratic politics. This identification of scientific management with workshop management and labor efficiency to the neglect of other obvious forms of waste, intensified the latent conflict between the American concepts of productive efficiency and popular democracy. This conflict had dogged Taylor's life and work from the very beginning. In the 1880's his co-workers at Midvale had called him a "damn piece work hog,"³² and his fellow scientific managers later confessed that he suffered from a 'lack of human warmth.'³³ Labor's reaction to Taylorism was the expression of intense fear of the stop-watch, hatred

³⁰ Letter from Robert Goodloe Harper to his constituents, January 5, 1797, *American Historical Association Annual Report 1913*, vol. 2, p. 25.

³¹ *Thomas Jefferson's Garden Book 1776-1824*, Edwin Morris Betts (ed.), Philadelphia: American Philosophic Society, 1944, p. 16-17.

³² See note 34, pp. 1411-12.

³³ Ralph E. Flanders, *The Functions of Management in American Life*, Stanford California Graduate School of Business, Stanford University, 1949, p. 16.

for the "speed-up," and hostility toward time-and-motion study. These suspicions led to serious strikes, and in 1911 the House of Representatives decided to look into the "Taylor and other systems of shop management."³⁴ The House investigating committee of three members, including William C. Redfield, whose administrative work we have already analyzed, produced a fascinating record in the field of American industrial psychology. Taylor testified: "The most important fact which is connected with the working people of this country . . . is the fact that the average working man believes it to be for his interests and for the interest of his fellow workmen to go slow instead of going fast." Mr. O'Leary, representing the molders employed in the government naval yards in the Boston area, answered: "An efficiency system to us is more than a bugaboo. It means to us an increased production and a lessened cost, which in turn means to us that the men will be driven to a high pitch and that their wages will be less. . . . It has always worked out the same—that inducements were offered to the men to increase their speed, sometime to the limit of human endurance, then would come a change and the men would be expected to produce the same output for less money."³⁵ Following these extended hearings, Congress attached a rider to the military appropriation bill, prohibiting the use of such funds for "time study with a stop-watch or other time-measuring device."³⁶ This ban has been continually re-enacted, and while the stop-watch technique is prohibited only under appropriation acts for military supplies, it has made government administrators generally somewhat wary of Taylorism in government, even during World War II.³⁷

The pattern of American democracy has thus complicated the efficiency movement in industry and business, just as de Tocqueville discovered it had affected the administration of American government from the very beginning of the nation's history.

³⁴ *Hearings Before Special Committee of the House of Representatives to Investigate the Taylor and Other Systems of Shop Management*. 62nd Congress, 1st Session, 1912.

³⁵ *Hearings*, n. 34 above, pp. 4, 1378. Taylor has often been labeled a labor-baiter and reactionary. He was, it is true, adamant against such tools of "industrial democracy" as labor-management committees or "shop" committees. Nevertheless, his personal philosophy was full of sympathetic utterances for labor. On such questions moreover, as scientifically based utility regulation and public power investigations, Taylor lent his support to the early stages of this movement started by one of his main disciples, Morris L. Cooke. See Copley: *Frederick W. Taylor*, vol. 1, pp. 428-9, 188; vol. 2, pp. 394-7.

³⁶ Introduced as H. R. 17800, September 30, 1914. See also, Public Law 374, 78th Congress, 2nd Session, Chapter 303, H. R. 4967. *Ibid.*, Chapter 269, H. R. 4559.

³⁷ Management Improvement Branch, Division of Administrative Management, U. S. Bureau of the Budget, "Legislative Restrictions on Time Studies in the Federal Government," May 18, 1945.

5 SCIENTIFIC MANAGEMENT AND AMERICAN DEMOCRACY

If Taylor's efficiency movement did not fit in readily with the egalitarian demands of American democracy, the broader scientific management movement, as conceived by American economic statesmen like Louis D. Brandeis, did. Brandeis' contribution to American scientific management has been overshadowed by his renown as a justice of the United States Supreme Court for a period of 25 years and by his previously established reputation as a progressive Boston lawyer who had successfully fought municipal corruption, protected the rights of labor, divulged insurance scandals, busted trusts, and supported the conservation movement. Although he was stamped as a radical of the progressive era of Theodore Roosevelt, Woodrow Wilson and Robert La Follette, Brandeis became the oracle of the scientific management movement for American business when, in 1910 he happened to be drawn into the national struggle over railroad control by Boston merchants and eastern shippers who requested him to represent them before the Interstate Commerce Commission in their fight against increased railroad rates. It was before this forum that Brandeis popularized the idea of scientific management.

This relationship between American progressivism and American efficiency emerged from the fact that Brandeis, an indefatigable student of contemporary affairs, had read Taylor's book on Shop Management, had met Taylor's assistant, H. L. Gantt, and had been inspired by another engineer named Harrington Emerson, who was interested in the national problem of railroad efficiency.³⁸ In the introduction to his book on *Efficiency as a Basis for Operations and Wages*, published in 1909 Emerson had, in the following words, sounded the Brandeis doctrine of combining democratic individualism and social well-being: "There is today a more direct connection than ever before between individual, corporate, and national efficiency, and individual, family and social well-being."³⁹ Consequently in preparing his railway case before the Interstate Commerce Commission Brandeis got in touch with Emerson, and he consulted Taylor, Gantt, Cooke and others including even Henry Towne. It was at one of Brandeis' conferences with these engineers that the term scientific management was adopted for the broader movement.⁴⁰ Lining up on the stand his imposing engineering talent, in

³⁸ See Brandeis' letter written to Copley in 1916. Copley, *Frederick W. Taylor*, vol. 2, p. 370.

³⁹ Harrington Emerson, *Efficiency as a Basis for Operations and Wages*. New York: John R. Dunlap, 1909. Preface.

⁴⁰ This meeting took place in Gantt's apartment. Gilbreth was present but Taylor was not. For more details see Horace B. Drury, *Scientific Management: A History and*

cluding not only Emerson but Towne and others, Brandeis marshaled before the Interstate Commerce Commission a masterful array of data about the problems of railroad management. Quoting Emerson's testimony in the course of the hearings, he outraged the railroads and startled the country with the following interjection about the principles of scientific management: "We will show you, may it please your Honors, that these principles, applicable to all businesses, are applicable to practically all departments of all businesses and that the estimate which has been made that in the railroad operation of this country an economy of a million dollars a day is possible is an estimate which is by no means extravagant."⁴¹

(a) LOUIS D. BRANDEIS

"The Fruits of Efficiency"⁴²

Under scientific management the employee is enabled to earn without greater strain upon his vitality from twenty-five to sixty per cent and at times even one hundred per cent more than under the old system. The larger wages are made possible by larger production; but this gain in production is not attained by "speeding up." It comes largely from removing the obstacles to production which annoy and exhaust the workman—obstacles for which he is not, or should not be made, responsible. The management sees to it that his machine is always in perfect order. The management sees to it that he is always supplied with the necessary materials. The management sees to it that the work comes to him at proper times, with proper instructions and in proper condition. The management sees to it that he is shown the best possible way of doing the job; that is, the way which takes least time, which takes least effort, and which produces the best results. Relieved of every unnecessary effort, of every unnecessary interruption and annoyance, the worker is enabled without greater strain to furnish more in production. And under the exhilaration of achievement he develops his capacity.

Unionism does not prevent the method of scientific management. It is true that unions, in some trades, have bitterly opposed the introduction of the piece rate or the bonus system without scientific management, just as other unions have opposed the day rate system without scientific

Criticism. New York: Columbia University Press; 1922, Studies in History, Economics and Public Law, vol. 65, no. 2, pp. 35-9. Although Taylor had used the term "scientific management," as early as 1903 and again in 1909, his use of the term was either incidental or he used it merely to refer to certain technical shop practices within the individual factory or firm, and not to "the movement."

⁴¹ Evidence taken by the Interstate Commerce Commission in the Matter of Proposed Advances in Freight Rates by Carriers. 61st Congress, 3rd Session, Senate Document No. 725, November 21, 1910, p. 2620.

⁴² Alfred Lief: *The Social And Economic Views of Mr. Justice Brandeis*. Brief in the railway rate hearings, selected from pp. 391-92. Reprinted by permission of The Vanguard Press. Copyright 1930, The Vanguard Press.

management And very intelligent labor leaders have from time to time objected—and objected properly—to ruthless methods of “speeding up”, but, as shown above, “speeding up” is not scientific management nor, as also shown above, is the piece rate system, with or without a bonus, scientific management

(b) LOUIS D. BRANDEIS

Business—A Profession ⁴³

So much has been said of increasing the efficiency of labor that the importance of increasing the efficiency of materials, of plant, of working capital, and of improving service has not been fully appreciated And yet the economies and the profits arising from the scientific handling of those factors in business are probably, in the aggregate at least, as great as from the increased efficiency of labor itself

Saving the waste in materials is attained in part through securing that article which is determined by scientific tests to be best adapted to the needs, and incidentally proper tests tend to eliminate dishonesty in purchasing Saving of waste in material is attained in part by so utilizing it that a lower cost results, even if the article was purchased at a higher price It is attained in part through proper methods of storage and accounting which prevent actual waste of the material itself and dishonesty in its use Saving in plant is attained not only by adopting the best, but by so equalizing, placing and using the equipment through careful planning as to secure practically its full use all the time, thus reducing the capital invested upon which charges for depreciation, interest or rental, taxes and insurance, must be earned Saving in working capital is attained by so controlling and linking the quantity of supplies necessarily earned, and so eliminating delays in the process of manufacture, as to reduce materially the amount invested in raw material and supplies and in work in process

Scientific management seeks to do for industry systematically and comprehensively in conserving effort, materials and capital, what heretofore has been done sporadically and partially In discussing the efficiency of labor a construction altogether too narrow has been given by some to the term “labor” The labor to be made more effective is that of the managers and high salaried officials quite as much as that of the wage earners Indeed, the increased efficiency of the wage-earner is not possible until the heavy demands which scientific management makes upon those controlling and directing the business, including superintendents and foremen, are fully met Increased efficiency must begin with those higher up This is of the essence of scientific management

The coming science of management, in this century, marks an advance comparable only to the coming of the machine in the last The

⁴³ Louis D. Brandeis *Business—A Profession* Adapted from pp viii, 39-41 Reprinted by permission Copyright 1914, Small Maynard & Co

profits from the machine were absorbed by capital. But we have developed a social sense, and now of the profits that are to come from the new scientific management, the people are to have their share.

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Brandeis' dramatic disclosures of the need for scientific management of management, as well as of labor, swept the country. A public debate before the Economic Club of New York was arranged in March 1911, at which Brandeis and Emerson defended scientific management against James O. Fagan, representing the railroads, and James Duncan, representing the American Federation of Labor. Fagan was sarcastic: "Do you wish to experiment with an invention of any kind? Try it on the railroad. Would you like to test any social or industrial reform movement? Try it on the railroad." Duncan was ironic: "But what about the professions? The new cult is mostly composed of lawyers, a few editors, and an unknown quantity called 'intellectuals.' Why not practice 'efficiency-management' among those. . . . Why try the experiment 'on the dog' all the time? Begin with the lawyers, for instance. What a field there is among the legal fraternities to practice efficiency-management!"<sup>44</sup>

It was therefore the task of the engineers and their scientifically minded associates in other professional fields to give support to the scientific management movement. Efficiency societies were organized; one of these was merged with the Society of Industrial Engineers and came to be known as the Taylor Society, later renamed the Society for the Advancement of Management. Following the publication of Taylor's *Principles*, a flood of books and articles on scientific management appeared, most of them of a technical nature, which attempted to apply the new panacea to almost every human endeavor. Mrs. Scudder Klyce even wrote an article on "Scientific Management and Moral Law."<sup>45</sup> Morris L. Cooke, one of Taylor's earliest disciples in the field of government who had as early as 1910 applied the canons of efficiency to a revealing study of the American universities,<sup>46</sup> concluded his article on "The Spirit and Social Significance of Scientific Management" by warning: "There is nothing to prevent scientific management from becoming a nuisance [but] in my opinion, we shall never fully realize either the visions of Christianity or the dreams of democracy until the principles of scientific management have permeated every nook and cranny of the working

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<sup>44</sup> James O. Fagan: "The Dream of Scientific Management on Railroads." *The Journal of Accountancy*, May 1911, vol. 12, p. 2. James Duncan: "Efficiency," p. 31.

<sup>45</sup> Mrs. Klyce was the wife of Lieutenant Klyce of the School of Marine Engineering at the Naval Academy. Copley: *Frederick W. Taylor*, vol. 2, p. 386.

<sup>46</sup> Morris L. Cooke: *Academic and Industrial Efficiency*. New York: The Carnegie Foundation for the Advancement of Teaching; 1910, Bulletin No. 5.

world" <sup>47</sup> Scientific management thus became a movement that was not restricted to industrial Taylorism. It demonstrated anew the pervasiveness of technology in the management of American affairs. The participation of men like Brandeis and Taylor revealed the consensus, regardless of political faith or economic philosophy, that in America there was a distinct relationship between personal and professional proficiency on the one hand, and national and social efficiency on the other. <sup>48</sup>

## 6. SCIENTIFIC PRODUCTION AND SCIENTIFIC DISTRIBUTION

Dexter S. Kimball, Professor of Machine Design and Construction at Cornell University, was one of the few engineers of his time who discerned the wider implications of scientific management. Professor Kimball was not a "professional" or "intellectual," as Brandeis and his supporters were later called. His career paralleled Taylor's, but he chose a different road, one moving toward the goal of democratic distribution rather than toward mere efficient production. But whereas Taylor's technique was glorified into a philosophy, Kimball's philosophy lay buried in his technical textbooks for another generation.

Kimball started as an apprentice and journeyman in a West Coast iron works in 1881. He finally rose to the position of designing engineer at the Anaconda Mining Company in 1898, after which he went to Cornell to teach. He advanced through the various grades of professorship to Dean of the College of Engineering, where he served until his retirement in 1936. When the scientific management movement burst forth in 1911, Kimball refused to let his enthusiasm for American engineering run away with his judgment about American management. He insisted, in classroom and text book, that "scientific distribution" was more important in American democracy than scientific production. <sup>49</sup> As seen below, he not only took issue with Taylor, but also elaborated on Brandeis' view as well.

<sup>47</sup> Morris L. Cooke "The Spirit and Social Significance of Scientific Management" *Journal of Political Economy*, June 1913 vol. 21, p. 493.

<sup>48</sup> In an interesting essay, Brandeis, who had become a millionaire lawyer, had confidently announced "Between what we do and what we are capable of doing, there is a difference of 100%." For Brandeis' role in the scientific management movement, see also Mason's *Brandeis*, n. 64 below.

<sup>49</sup> Kimball has been persistent in this analysis. He included it in the first edition of his text, *Principles of Industrial Organization* New York: McGraw Hill Book Company, Inc., 1913. He has retained it in his later editions with the addition of up-to-date references. See Kimball and Kimball *ibid.*, 1947.



DEXTER S. KIMBALL

"Another Side of Efficiency Engineering"<sup>50</sup>

In these days when hurry and speed are the keynote of industry it would seem to be almost sacrilegious, or at least a mark of ignorance to raise one's voice even in doubt, to say nothing of protest, against any ways or means of increasing production. Yet I cannot but think that only certain aspects of some of the new methods of increasing production are being presented and that those aspects, which are so alluring, entirely overshadow certain others and hence do not give a true perspective of what the net results will be.

The mental and physical welfare of the individual members of any form of organized society are dependent largely upon three factors, namely: (1) The natural resources at the command of the community. (2) The tools and methods of production which are available to develop these resources. (3) The knowledge and organization whereby the fruits of labor may be fairly and equally distributed.

Many civilizations have possessed immense natural resources, and modern nations possess tools of production such as the world has never seen; but only in the simplest forms of organization has equitable distribution of the products of labor been achieved; all experience goes to show that increased productive capacity does not necessarily mean increased revenue to the producer; but on the contrary may, if he is not alive to his own interest, mean an actual decrease. We read of few nations who have starved to death for lack of tools or methods of production, but the highway of history is paved with the bones of civilizations which came to grief on the rocks of unfair distribution. Many of the existing modern nations still carry dreadful scars received in bloody revolutions which had their genesis in this, the greatest of problems of organized society, while many more tremble on the brink of similar disasters.

These new methods then, are means of increasing man's productive power and fall, therefore, under the second item of the classification. To what extent will they effect the third item, namely, equitable distribution of the products of labor?

A diligent search through the literature of efficiency engineering fails to disclose any new principle regarding the distribution of the fruits of labor. True, the workman of all kinds has benefited very greatly by the improved methods, and it is also true that he is better clothed, fed, housed, and particularly better educated than formerly; but the fact remains that his progress has not been proportionate to his increased productive capacity. I am willing to concede, therefore, that these so-called new methods will increase production; that in all probability they will, in time, be generally used and that the general effect should benefit humanity; but I see

<sup>50</sup> Dexter S. Kimball: "Another Side of Efficiency Engineering." *American Machinist*, August 10, 1911, vol. 35, selected from pp. 263-5. Reprinted by permission.

no reason for thinking that they inherently possess any power to change the problem of distribution. It may be that these methods will even make it necessary for the worker to redouble his efforts.

If the fruits of production under methods as they now exist could be more fairly distributed and the wastes due to foolish and oppressive financiering eliminated so that the producing classes employer and employee alike would receive what is justly theirs much of the problem would be solved if Mr Taylor or Mr Gantt or Mr Brandeis can only tell us how this can be done they will do more for humanity as it exists in organized society than any one economist or engineer who has ever walked this planet and infinitely more than can be accomplished by the most refined methods of production which they can develop. The great problem which confronts us is not and has not for many years been that of production but distribution. We can now produce more manufactured goods than we can use and far more than is needed to make us all comfortable. All the new productive processes possible will throw little light on the problem of why we find in many places at one time storehouses filled with raw material idle factories equipped with the finest tools the world has even seen and people walking the street without food or clothing yet willing to work.

The problem is too complex to be solved by the simple expedient of increased production. There still remain the questions of competition, unfair taxation, immigration and a dozen other factors that are not as yet within the control of the employer be he ever so fair minded or of the employee be he ever so strongly organized. I am not sure but what a small readjustment of some of these would do as much for the workers both employer and employee as a large increase of productive power. What we need most is scientific distribution.

Except for critical economists like Professor Willard E. Hotchkiss of Northwestern University or Professor Robert F. Hoxie of the University of Chicago<sup>51</sup> Kimball's plea for scientific distribution fell on stony ground in the field of business and industry, and was not pursued until a stronger demand arose for a more responsible economy in the United States<sup>52</sup>.

<sup>51</sup> Willard E. Hotchkiss, Northwestern University School of Commerce, *Journal of Political Economy*, March 1913, vol. 21, p. 208; Robert F. Hoxie, *Scientific Management and Labor*, New York: D. Appleton and Company, 1915.

<sup>52</sup> *Scientific Distribution*, *Annals of the American Academy of Political and Social Science*, September 1924, vol. 115. This symposium represented a limited application of the idea as did an even more restricted incursion during the early movement for scientific management, *Reducing the Cost of Food Distribution*, *Annals*, November 1913, vol. 50. For the later development in its broader implications see Edwin G. Nourse and Associates, *America's Capacity to Produce*, and Maurice Leven, Harold G. Moulton, and Clark Warburton, *America's Capacity to Consume*. These studies are part of a Brookings Institution series summarized later as *Distribution of Income in Relation to Economic Progress*, Washington: Brookings Institution, 1936.

## 7. SCIENTIFIC MANAGEMENT IN GOVERNMENT

The American drive for efficient, systematic, and scientific management was an infectious movement. It permeated not only the factory, but also the business office, the sales shop, and the governmental bureau. In the Federal government, the scientific management movement manifested itself in the establishment under President Taft of the Commission on Economy and Efficiency, in June 1910,<sup>53</sup> before the railway rate hearings, which helped to popularize scientific management, had started. An almost identical estimate of \$1,000,000 of waste per day, was attributed to the national government, and President Taft had therefore launched a program of efficiency which a leading engineering journal, in March 1910, described as "a good example in ferreting out the various wastes of money in carrying on the business enterprises which form a great part of governmental administration."<sup>54</sup>

American government was thus forehanded about attacking its own problems of efficiency despite a reputation for bureaucratic lag. In 1885, two years before Towne opened the movement for business-like industrial management, Woodrow Wilson in his *Congressional Government* had sounded a similarly timely challenge for American government when he announced: "Efficiency is the only just foundation for confidence in a public officer, under republican institutions no less than under monarchs."<sup>55</sup> As an advocate of administrative efficiency via civil service reform, Wilson tried to rebalance Tocqueville's democratic America with Taylor's efficient America. As early as 1885 he was telling Towne's America to beware of Jackson's America: "No one imagines that the dry goods or the hardware trade, or even the cobbler's craft, can be successfully conducted except by those who have worked through the laborious and unremunerative apprenticeship, and who have devoted their lives to perfecting themselves as tradesmen or as menders of shoes." Wilson spoke ruefully of "that besetting error of ours, the error of trying to do too much by vote." "Self-government," he said "does not consist of having a hand in everything, any more than housekeeping consists necessarily in cooking dinner with one's own hand."<sup>56</sup> He was well aware of the

<sup>53</sup> Acts of June 25, 1910. 61st Congress, 2nd Session, Chapter 384.

<sup>54</sup> "An Industrial Waste and a Proposed Remedy." *Industrial Engineering and the Engineering Digest*, March 1910, vol. 7, p. 213.

<sup>55</sup> Woodrow Wilson: *Congressional Government*. Boston: Houghton Mifflin Company, 1900, p. 255. See also Dorman B. Eaton: *Civil Service in Great Britain*. New York: Harper & Brothers; 1880, pp. 427-8.

<sup>56</sup> Woodrow Wilson: "The Study of Administration." *Political Science Quarterly*, June 1887, vol. 2, p. 214.

potential conflict as well as of the possible reconciliation between what he later termed 'Democracy and Efficiency' " <sup>87</sup>

The devotees of Jacksonian equalitarianism or of de Tocqueville's democracy were not readily reconciled to Wilson's reformism any more than were the working men of Taylor's time reconciled to Brandeis' pleas for scientific management. Max Weber, the brilliant German observer of American politics, described how difficult it was to destroy the "old point of view of American democracy" with regard to civil service reform. In answer to the question he addressed to American workers in 1904, as to why they allowed themselves to be governed by politicians they did not respect, he was told "We prefer having people in office we can spit upon rather than a caste of officials who spit upon us." Weber went on to explain "Those American workers who were against the 'Civil Service Reform' knew what they were about. They wished to be governed by parvenus of doubtful morals rather than a certified caste of mandarins." <sup>88</sup> It was not sufficiently conceded, however, as Leonard White later pointed out, that "the principal concern of the great band of original civil service reformers was not greater administrative efficiency but purified elections and a more wholesome democracy." <sup>89</sup>

Nevertheless, at the very time the civil service reform movement was still having difficulties in the United States, the administrative techniques of government were undergoing refinements which paralleled, if they did not precede, <sup>90</sup> those of business. In 1905 the movement began for the establishment of the pioneer organization of twentieth century public administration, the New York Bureau of Municipal Research. <sup>91</sup> The movement was fostered by the famous "ABC powers" of the municipal management movement, William H. Allen, Harry Bruere, and Frederick A. Cleveland, and later by academicians like Charles A. Beard. <sup>92</sup> Their improvements in the

<sup>87</sup> Woodrow Wilson, 'Democracy and Efficiency' *Atlantic Monthly* March 1901 vol. 87 pp. 289-99.

<sup>88</sup> Gerth and Mills, *From Max Weber: Essays in Sociology* pp. 71, 110.

<sup>89</sup> White, *Introduction to the Study of Public Administration*, p. 282.

<sup>90</sup> It is widely believed that American public administration has for the most part imitated business in this movement. See for example, Waldo, *The Administrative State* pp. 70-71. The material in this chapter shows that this belief is partially true but that some of the influence or cross fertilization has in many respects been the reverse. See also chap. 7 below.

<sup>91</sup> Taft's Commission on Economy and Efficiency had several Federal precedents: 'Conditions of Business in the Departments of the Government at Washington House of Representatives 53rd Cong. 3d Sess. Report No. 1851, February 18, 1895.

<sup>92</sup> See Frederick A. Cleveland, *Organized Democracy* New York: Longmans Green and Co., Inc. 1913 p. 438. It is noteworthy that the family of Edward H. Harriman, one of the few railroad magnates who seriously applied some of Emerson's and Brandeis' theories about railroad management, took an active part in the New York movement.

budgeting, personnel, and procedural techniques in one of the country's major governmental authorities, New York City, had appealing possibilities for the more general movement toward "The Efficiency of City Government," which was the subject in 1912 of a symposium of the American Academy of Political and Social Science.<sup>63</sup> At the same time, the influence of Cleveland and other critics was brought to bear at the Federal level of government. The movement came to a head in 1910 and 1911 in their work on the Commission on Economy and Efficiency appointed by President William Howard Taft.

Taft later opposed Brandeis' appointment to the Supreme Court, and Brandeis considered Taft, from the standpoint of the progressive movement, a "wobbler . . . with no firm convictions." Both Brandeis and Taft, however, agreed on the significance to the nation of scientific management, just as they ultimately became warm colleagues on the Supreme Court bench.<sup>64</sup> As President, Taft entertained a high conception of the responsibility of the American executive,<sup>65</sup> a position which led him to give some of the earliest support obtained from the White House for the management movement.

#### WILLIAM HOWARD TAFT

##### *Economy and Efficiency in the Government Service*<sup>66</sup>

Efficiency and economy in the Government service have been demanded with increasing insistence for a generation. Real economy is the result of efficient organization. Recognizing my share of responsibility for efficient and economical administration, I have endeavored during the past two years, with the assistance of heads of departments, to secure the best results. As one of the means to this end I requested a grant from Congress to make my efforts more effective. An appropriation of \$100,000 was made June 25, 1910, "to enable the President to inquire into the methods of transacting the public business of the executive departments and other Government establishments, and to recommend to Congress such legislation as may be necessary to carry into effect changes found to be desirable that can not be accomplished by Executive action alone."

This vast organization has never been studied in detail as one piece of administrative mechanism. At no time has the attempt been

<sup>63</sup> "The Efficiency of City Government." *Annals of the American Academy of Political and Social Science*, May 1912, vol. 41.

<sup>64</sup> Alpheus Thomas Mason: *Brandeis, A Free Man's Life*. New York: The Viking Press; 1946, pp. 537-39, 367.

<sup>65</sup> William Howard Taft: *Ethics in Service*. New Haven: Yale University Press; 1915, chap. 3.

<sup>66</sup> William Howard Taft: *Economy and Efficiency in the Government Service*. U. S. House of Representatives; 62nd Congress, 2nd Session, Document No. 458. Message of the President, January 17, 1912. Selected from pp. 3-5, 10-11, 18-19.

made to study all of these activities and agencies with a view to the assignment of each activity to the agency best fitted for its performance, to the avoidance of duplication of plant and work, to the integration of all administrative agencies of the Government, so far as may be practicable, into a unified organization for the most effective and economical dispatch of public business. Although earnest efforts have been put forth by administrative officers and though many special inquiries have been made by the Congress, no exhaustive investigation has ever before been instituted concerning the methods employed in the transaction of public business with a view to the adoption of the practices and procedure best fitted to secure the transaction of such business with maximum dispatch, economy, and efficiency.

In accordance with my instructions, the Commission on Economy and Efficiency, which I organized to aid me in the inquiry, has divided the work into five fields of inquiry having to do respectively with organization, personnel, business methods, accounting and reporting, and the budget.

In every case where technical processes have been studied it has been demonstrated beyond question that large economies may be effected. The subjects first approached were those which lie close to each administrator, viz., office practices. An illustration of the possibilities within this field may be found in the results of the inquiry into the methods of handling and filing correspondence. Every office in the Government has reported its methods to the commission. These reports brought to light the fact that present methods were quite the reverse of uniform. Some offices follow the practice of briefing all correspondence, some do not. Some have flat files, others fold all papers before filing. Some use press copies, others retain only carbon copies.

The reports also show not only a very wide range in the methods of doing this comparatively simple part of the Government business, but an extraordinary range in cost. For the handling of incoming mail the averages of cost by departments vary from \$5.84 to \$81.40 per 1,000. For the handling of outgoing mail the averages by departments vary from \$5.94 to \$69.89 per 1,000. This does not include the cost of preparation, but is confined merely to the physical side of the work. The variation between individual offices is many times greater than that shown for averages by departments.

The use of labor saving office devices in the service has been made the subject of special inquiry. An impression prevails that the Government is not making use of mechanical devices for economizing labor to the same extent as are efficiently managed private enterprises. A study has been made of the extent to which devices of this character are now being employed in the several branches of the Government and the opportunities that exist for their more general use. In order to secure information as to the various kinds of labor saving devices that are in existence and as to their adaptability to Government work, an exhibition of labor saving

office appliances was held in Washington from July 6 to 15, 1911. One hundred and ten manufacturers and dealers participated, and more than 10,000 officers and employees visited the exhibition.

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The annals of history have yet to produce a chief magistrate's message with such detailed solicitude for mechanical efficiency. American public administration continued to follow, parallel with American private management, the objective of economy and efficiency. Whether in business or in government, the main managerial techniques were those suggested in President Taft's message: budgeting or accounting, personnel or labor supervision, methodical planning or production control, techniques which have become, as we shall see, the stock-in-trade of both public and business administration in the United States.

Taylorism's faith in the existence of the one best way to do each operation, productive or procedural, was thus applied to these management problems in government and business. In his suggestive critique of *The Administrative State*, which appeared in 1948, Dwight Waldo cryptically remarked: "Just as there is one best way to shovel coal, there is one best way to organize or conduct an administrative activity. Since both 'best ways' rest on facts they are, of course, True, and not proper subjects for differences of opinion."⁶⁷ True or not, the technology of Taylorism became, along with the democratic credo, one of the main elements in American public administration.

8. TECHNOLOGY AND TECHNOCRACY IN AMERICAN LIFE

The potential cleavage between technology and democracy persisted, however, and this split gave rise to severe criticisms and radical conceptions of American management, including such movements as Veblenism and Technocracy.

Thorstein Veblen, reared in the pioneer Norwegian-American settlement of Wisconsin and bred in the intellectual atmosphere of the new University of Chicago, became "the bad boy" of American economics.⁶⁸ As in the case of the Boston Brahmin, Brooks Adams, Veblen's books and essays were always a little too suggestive: *The Theory of the Leisure Class*; *Absentee Ownership and Business Enterprise in Recent Times*; *The Higher Learning in America*, *A Memorandum on the Conduct of Universities by Businessmen*;

⁶⁷ Waldo: *The Administrative State*, p. 59.

⁶⁸ Joseph Dorfman: *Thorstein Veblen and His America*. New York: The Viking Press; 1935.

'Bolshevism and the Vested Interests in America', "A Soviet of Technicians", and "The Red Terror Comes to America" Actually, Veblen's major thesis remained the same throughout the forty years of his productive period of writing. According to Veblen, America was faced with a perpetual conflict between what he called business and what he called industry, the one driven by the pecuniary urge for individual profit and personal gain, the other stimulated by the social objectives of scientific technology for mass production and mass consumption. Veblen's reputation for radicalism and his sardonic criticisms of American life have obscured his admission, similar to Kimball's, that the system of industrial competition, based on private property, has brought about, or has at least coexisted with, the most rapid advance in average wealth and industrial efficiency that the world has seen.⁶⁹

Veblen did not stand alone in his criticism of American management. His was an era of protest and hope which began around 1890. Many Americans had seen the vision, described in 1888 by the utopian Edward Bellamy in his *Looking Backward*, of a virtually toilless society which Taylorism and scientific management had now made technologically possible.⁷⁰ Less utopian, but equally appealing, was the popular picture of *The Promise of American Life*, drawn by Herbert Croly in 1909.⁷¹ Croly's book gave further expression to the political progressivism of the period that produced Theodore Roosevelt's Square Deal and Woodrow Wilson's "New Freedom," and which foreshadowed Franklin Roosevelt's "New Deal." Veblenism was merely an ironical and intellectual expression⁷² of a national progressivism which was critical of the prevailing system of administering American affairs.

The major critics of the system were not the intellectuals, as Veblen himself acknowledged, but the very engineers who managed to keep the system going. Certainly this was true of a limited group of inquiring American engineers who appeared on the scene during the depression of the 1930's. Known as the Technocrats and led by Howard Scott and his Continental Committee on Technocracy, they undertook, in conjunction with the Industrial Engineering Department of Columbia University, an "energy survey of North America"

⁶⁹ Thorstein Veblen, *The Place of Science in Modern Civilization* (New York: B. W. Huebsch, 1919), p. 391.

⁷⁰ See the interesting biography by Arthur E. Morgan, *Edward Bellamy* (New York: The Columbia University Press, 1944).

⁷¹ Herbert Croly, *The Promise of American Life* (New York: The Macmillan Company, 1909).

⁷² See Chapters 1 and 16. See also Charles A. Madison, *Critics and Crusaders* (New York: Henry Holt and Company, 1948).

as a basis for their planned conversion of the economy from one of price to one of production. The Technocrats drew noticeably from Veblenism. Scott had conferred with Veblen before the latter's death in 1929. However, Scott and the Technocrats insisted upon "the complete independence" of their movement.⁷³ How truly independent Technocracy and Veblenism were, or how really intertwined they were in the emerging skein of American administrative thought, can be determined from a comparison of the following readings.

(a) **THORSTEIN VEBLEN**

The Instinct of Workmanship⁷⁴

In current theoretical formulations the businessman is discussed under the caption of "entrepreneur," "undertaker," etc., and his gains are spoken of as "wages of superintendence," "wages of management," and the like. He is conceived as an expert workman in charge of the works, a superior foreman of the shop, and his gains are accounted a remuneration for his creative contribution to the process of production, due to his superior insight and initiative in technological matters. But under current conditions—the conditions of the past half century—and more particularly under the conditions of that large-scale industry that is currently accounted the type of modern industry, the businessman has ceased to be foreman of the shop, and his surveillance of industry has ceased effectually to comprise a technological management of its details.

The view here spoken for, that the modern businessman is necessarily out of effectual touch with the affairs of technology as such and incompetent to exercise an effectual surveillance of the processes of industry, is not a matter of bias or of vague opinion; it has in fact become a matter of statistical demonstration. Even a cursory survey of the current achievements of these great modern industries as managed by businessmen, taken in contrast with the opportunities offered them, should convince anyone of the technological unfitness of this business management of industry. Indeed, the captains of industry have themselves latterly begun to recognise their own inefficiency in this respect, and even to appreciate that a businessman's management of industrial processes is not good even for the business purpose—the net pecuniary gain. So, a professional class of "efficiency engineers" is coming into action, whose duty it is to take invoice of the preventable wastes and inefficiencies.

⁷³ Howard Scott: "A Note on the Work of Thorstein Veblen." Introduction to *Technocracy*, pp. 59–61; see also Dorfman: *Thorstein Veblen*, pp. 510–14. See especially the remarks of Stuart Chase: "Technocracy—An Interpretation." New York: The John Day Pamphlets; No. 19, 1933.

⁷⁴ Thorstein Veblen: *The Instinct of Workmanship*. Pp. 221–2. Reprinted by permission of The Viking Press. Copyright 1914, B. W. Huebsch, Inc.; 1942, Ann B. Sims.

(b) THORSTEIN VEBLEN

The Engineers and the Price System¹⁵

It is the industrial experts, not the business men, who have finally begun to criticize this businesslike mismanagement and neglect of the ways and means of industry. Right lately these technologists have begun to become uneasily 'class-conscious' and to reflect that they together constitute the indispensable General Staff of the industrial system. They are beginning to take stock of that all pervading mismanagement of industry that is inseparable from its control for commercial ends. So the engineers are beginning to draw together and ask themselves, "What about it? There is assuredly no present promise of the technicians' turning their insight and common sense to such a use. There need be no present apprehension. The technicians are a 'safe and sane' lot, on the whole; and they are pretty well commercialized, particularly the older generation, who speak with authority and conviction, and to whom the younger generation of engineers defer, on the whole, with such a degree of filial piety as should go far to reassure all good citizens. And herein lies the present security of the Vested Interests, as well as the fatuity of any present alarm over Bolshevism and the like; for the wholehearted cooperation of the technicians would be as indispensable to any effectual movement of overturn as their unwavering service in the employ of the Vested Interests is indispensable to the maintenance of the established order.

(c) THORSTEIN VEBLEN

Absentee Ownership and Business Enterprise¹⁶

The official personnel of civil government, the constituted authorities who have had the making and surveillance of precedents and statutory regulations touching these matters in recent times, have necessarily been persons of businesslike antecedents, imbued with an inveterate businesslike bias governed by business principles, if not also by business interests. In any democratic community, such as the American, the official personnel which is vested with jurisdiction and initiative will be, in the main, tested by conformity to these three canonical articles: national integrity, devout observance, and business-as-usual. A democratic community addicted to business enterprise and devout observances will not tolerate an official personnel endowed with a different equipment of habitual predilections. These persons who make up this official personnel and in whose hands is the power to act, locally, departmentally, and at

¹⁵ Thorstein Veblen. *The Engineers and the Price System*. Selected from pp. 44-71. 137. Reprinted by permission of The Viking Press. Copyright 1921. B. W. Huebsch Inc., 1949. Ann B. Sims.

¹⁶ Thorstein Veblen. *Absentee Ownership and Business Enterprise*. Selected from pp. 409-428-9. Reprinted by permission of The Viking Press. Copyright 1923. B. W. Huebsch Inc.

large, will go into action as practical men, faithful to the joint governance of these settled habits of thought whose creatures they are. With a mentality compounded of national integrity and business principles they will devoutly follow out the drift of the two conjointly; to such effect that in the official apprehension the community's fortunes are bound up with the pursuit of its business enterprise.

(d) HOWARD SCOTT

Introduction to Technocracy⁷⁷

Technocracy is a research organization, founded in 1920, composed of scientists, technologists, physicists, and biochemists. It was organized to collect and collate data on the physical functioning of the social mechanism on the North American continent. Its methods are the result of a synthetic integration of the physical science that pertain to the determination of all functional sequences of social phenomena. Technocracy makes one basic postulate: that the phenomena involved in the functional operation of a social mechanism are metrical. It defines science as "the methodology of the determination of the most probable." While the modern technologist lives and does his work under the price system, he has to do his thinking in other than pecuniary terms; there is no way of avoiding that. The nature of his work, the facts, relations and forces handled by him impose the use of unvarying standards whereby he may make exact measurements. His world is one of materials, energy resources, quantitative relations and rates of energy conversion.

While financiers and business men have occupied positions of authority and control in the fields of production, the technologist has designed the machines, the engines and the continuous processes that account for the present rate of energy conversion. Within narrow limits he has worked with freedom, so that it may be said that he has been the principal agent in bringing on the present industrial capacity. But he has had nothing to do with methods of distribution. Financial business has not only exercised complete control over this field and dictated what should be produced regardless of the resources available, but has also failed in the distribution of the ever-increasing volume of goods and services released by the accelerating rates of energy conversion.

When the technologist looks at the processes of distribution, as he is forced to do at the present juncture, a number of things thrust themselves upon his attention. He notes immediately that all measurements in this field of activity are made by a pecuniary standard that is continuously variable, and that all relations are expressed as prices. He notes that price controls the utilization of energy resources, the rate of flow of

⁷⁷ Howard Scott: *Introduction to Technocracy*. Adapted from pp. 29-31, 39, 42, 48-9. Reprinted by permission of The John Day Company. Copyright 1933, The John Day Company.

materials and labor into the field of use or consumption. The only feature of the system that seemingly cannot be brought under the jurisdiction of price control is the rate of energy conversion.

Technocracy proposes no solution, it merely poses the problem raised by the technological introduction of energy factors in a modern industrial social mechanism. Continental America possesses all the essential qualifications for such a mechanism—sufficient energy and mineral resources, adequate water precipitation, more than enough arable land of proper chemical stability, highly developed technological facilities backed by a trained personnel, powerful research organizations. Physically this continental area has no choice but to proceed with the further elimination of toil through the substitution of energy for man hours. There can be no question of returning to premachine or pretechnological ways of life, a progression once started must continue. Retrogressive evolution does not exist.

Although Technocracy offered no concrete plan, it presented a dramatic vision of American administration. Valid or not, Technocracy represented one of the most indigenous proposals yet made for reconstituting the overall approach to American management in terms of the unique achievements of technology. In native American style, Scott put Towne and Veblen, Taylor and Brandeis in capsule form. Although he referred almost alarmingly to our "nitraff of social institutions," Scott insisted that Technocracy was purely American, and he warned: "America can expect no help in the solution of this problem from any current social theory." No theory of social action or governance now existing or proposed in Europe, could in any way be endemic to that unique set up of geologic conformation, technique, equipment, and personnel peculiar to North America.¹⁸ Unlike some of the "intellectuals" who followed Veblen, Scott was no mere critic of American life infatuated with foreign denigrations from doctrinaire socialism, but, like them, his basic attack was against the pecuniary standard as a measure of American management.

Technocracy and Veblenism did not depend solely upon either the socially minded engineers of the American Technical Alliance or the European inspired American intellectuals. In an unusually scathing comparison of "American and European Business Methods" prepared in 1921 for the first issue of *Administration*, the new American journal of business analysis and control, Dwight T. Farnham, Director of The Society of Industrial Engineers, which was linked up with the Taylor Society, stated: "In America exists a tendency for each millionaire to improvise his own executive and business

¹⁸ Scott, *Introduction to Technocracy*, pp. 43-4.

methods as he piles up his million. Thereafter this material proof of his success remains a monument to the correctness of the said method and a personal tribute to their author. Of course it is quite possible that he might have made two million if he had adopted other methods—but such thoughts are disturbing—a man shouldn't be a hog anyway, he reasons, and a million ought to be weighty enough proof of success for any practical man.”⁷⁹ American engineers had long debated the discrepancy between financial and physical values and physical and social values. Even Henry R. Towne, one of the founders of the industrial management movement, started his classic essay in 1886 with the significant statement: “The monogram of our national initials, which is the symbol for our monetary unit, the dollar, is almost as frequently conjoined to the figures of an engineer's calculations as are the symbols indicating feet, minutes, pounds, or gallons.”⁸⁰

If Technocracy had no concrete plans for sustaining the union of American technology and democracy, Administocracy did, and the country set out under the New Deal to apply them.⁸¹

9. A FOREIGN VIEW OF AMERICAN EFFICIENCY AND DEMOCRACY

Although the Soviets continued to wag their finger at the American depression, they entertained a secret admiration for American experiment and experience; and sometimes it was not so secret. In 1935, as the United States advanced toward recovery, two Soviet writers, Ilya Ilf and Eugene Petrov, visited America. Some Americans had, in 1932, read their humorous *Little Golden Calf*,⁸² a satire on Russian institutions, and they now expected to see American institutions equally lampooned and lambasted. However, when, in 1937 Ilf and Petrov reported their findings in *Little Golden America*, the book proved to be a charming mixture of praise and criticism, and above all, caught the businesslike efficiency of American life with its associated overtones of social democracy.

⁷⁹ Dwight T. Farnham: “American and European Business Methods.” *Administration*, January 1921, vol. 1, p. 30.

⁸⁰ Henry R. Towne: “The Engineer as an Economist.” *Transactions of the ASME*, 1886, vol. 7, p. 428.

⁸¹ Guy S. Claire: *Administocracy, the Recovery Laws and Their Enforcement*. New York: The Macmillan Company; 1934.

⁸² Ilya Ilf and Eugene Petrov: *Little Golden Calf*. New York: Farrar and Rinehart, Inc.; 1932.

ILYA ILF AND EUGENE PETROV

Little Golden America ⁸²

America is seriously and dangerously ill. The country is now facing its own *reductio ad absurdum*. It is capable now today of feeding a billion people, and yet, it cannot feed its own hundred and twenty million. Nevertheless, we can still learn much from America. We are doing that. But the lessons which we learn from America are episodic and too specialized.

To catch up with America! That task which Stalin set before our people is immense, but in order to carry out this task we must first of all study America, study not only its automobiles, its turbine generators and radio apparatuses (we are doing that), but likewise the very character of the work of American workers, engineers, business people, especially the business people, because if our Stakhanovists sometimes outstrip the norms of American workers, while the engineers are no worse at times than the American engineers (about that we heard frequently from Americans themselves), still, our business people or economists are considerably behind American business people and cannot compete with them in any way.

We will not discuss now the attributes of our economists, their loyalty to ideas, their devotion, their efficiency. These are the attributes of the Communist Party, which brought them up. Nor will we touch upon the deficiencies of American business people, their lack of loyalty to ideas, their lack of principles, their chase after the dollar. These are the defects of the capitalism which brought them up. It is important right now for us to study their attributes and our defects, because it is necessary for us to learn from them. Not only engineers but also economists, our business people, must learn from them.

The American businessman always finds time for a business conversation. The American sits in his office with his coat off and works. He works quietly, unobtrusively, without making any fuss. He is never late anywhere. He never hurries anywhere. He has only one telephone. No one waits for him in his reception room, because an appointment is usually made with absolute accuracy, and not a single extra minute is wasted during the interview. He is occupied only with his business, exclusively with his business. When he holds conferences nobody knows. In all likelihood he holds conferences rarely.

Should an American say in the course of a conversation, even incidentally, I'll do that, it is not necessary to remind him of anything at all in the future. Everything will be done. The ability to keep his word, to

⁸² Ilya Ilf and Eugene Petrov *Little Golden America*. Adapted from pp. 380-2. Reprinted by permission of Rinehart and Company, Inc. Copyright 1937, Rinehart and Company, Inc.

keep it firmly, accurately, to burst, but keep his word—this is the most important thing which our Soviet business people must learn from American business people.

We wrote about American democracy, which in fact does not give man freedom and only masks the exploitation of man by man. But in American life there is a phenomenon which should interest us no less than a new machine model. That phenomenon is democracy in intercourse between people, albeit that democracy, too, covers social inequality and is a purely outward form. The outward forms of such a democracy are splendid. They help a lot in work, deliver a blow to bureaucracy, and enhance human dignity.

Americans are very angry with Europeans who come to America, enjoy its hospitality, and later scold it. Americans often told us about this with annoyance. What can be said about America, which simultaneously horrifies; delights, calls forth pity, and sets examples worthy of emulation, about a land which is rich, poor, talented, and ungifted? We can say honestly with hand on heart, that we would not like to live in America. It is interesting to observe this country, but one does not care to live in it.

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Whether in vowing that they did not want to live in America, Ilf and Petrov really had their "hand on heart" or, as most Americans rather suspected, their tongue in their cheek, is immaterial. Their admiration for the competence of American managers and businessmen was unequivocal. Moreover, their reaction was typical of many European critics who have never ceased to comment upon the refreshing competence of American technicians and managers.<sup>84</sup> Even Veblen, who charged American management with being "technologically incompetent," spoke highly of "this unremitting attention of businessmen to the affairs of industry," admitting that "within the business community there is properly speaking, no leisure class, or at least no idle class."<sup>85</sup>

In evaluating American administration, however, Ilf and Petrov, like Veblen and Scott, and to some extent Brandeis and Kimball, distinguished between technical competence and technological or technocratic competence. For them, America had an envious supply of productive and business skill in its individual enterprises; what it lacked was the overall managerial know-how and the comprehensive administrative skill necessary to distribute steadily the fruits of a superior democratic system.

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<sup>84</sup> Not so favorable was the description of American business by the Englishman Bristed in the 1850's: "They can work at their desks all day for days together . . . but they are continually bilious, dyspeptic and altogether seedy (and) require strong excitement to amuse them." Quoted in Miriam Beard: *A History of the Business Man*. New York: The Macmillan Company; 1938, pp. 636-7.

<sup>85</sup> Veblen: *Instinct of Workmanship*, p. 226.

## 10 AMERICAN MANAGEMENT AND INDIVIDUAL COMPETENCY

Of the many Americans who might be cast in the role of Ilf's and Petrov's competent businessmen outstanding examples would be (a) Eugene E. Wilson President of the United Aircraft Corporation during the critical production days of World War II and (b) Henry Webb Prentiss wartime President of the Armstrong Cork Company and ex President of the National Manufacturers Association

## (a) EUGENE E. WILSON

Fundamentals of Freedom <sup>26</sup>

Manufacture comprises five elements each of which singularly enough begins with the letter M. You can write a formula about it— $M = m_1 + m_2 + m_3 + m_4 + m_5$ . Where M is manufacturing  $m_1$  is money  $m_2$  is men  $m_3$  is machinery  $m_4$  is material and  $m_5$  is management. The first four of these i.e. money men machinery and material are tangible. Management however is not tangible. You can't buy it in the market place. You can't create it out of hand. It is born not made. You don't appreciate it until you no longer have it—then it's too late. It is that priceless ingredient a sort of catalyst that furnishes the impulse by which the other four m's are converted from inert unrelated elements into a living mechanism like say an aircraft engine.

Its importance is discounted by some like the bright reformer who said of an industrialist "All he knows is how to produce!" Now the superiority of American management cannot be accounted for on the grounds that we are a superior race. We don't subscribe to that doctrine. Our performance can be ascribed however to the superiority of American freedom. Our forefathers left us this priceless heritage not only to free us from the compulsion and regimentation of the Old World but to enable us to develop and utilize the resources of the New. This we have done, while in other lands even greater resources still lie fallow.

And the guiding light of our system has been hope—hope of reward. In business the reward must be profit for profit is not just material gain—it is the index of worth the signal beacon that in the free play of natural forces indicates which course should be abandoned and which pursued. More importantly it is the great controller or regulator of costs—the incentive to get costs down. This in turn forces volume up and we get the economy of abundance. We get too a vital living economy—not the dead hand of bureaucracy.

<sup>26</sup> Eugene E. Wilson *Fundamentals of Freedom*. Address to the Annual Meeting of the Union League Club of Chicago May 28 1942. Pp. 4-5.



## (b) H. W. PRENTIS

"Industrial Management in a Republic"<sup>87</sup>

No, there can be no question about the technical efficiency of *American industrial management*. But the events of the past fifteen years prove definitely that mere professional proficiency is not enough to preserve the environment of freedom. Too high a degree of specialization in industrial management is self-defeating in the field of politics and public relations. Many of us have become so absorbed in playing the industrial game efficiently that we have forgotten that the game itself cannot continue very long, if the fields—local and national—on which it must be played, are not kept in good order. In other words, as we have concentrated on being good managers of industry, we have far too often become poor citizens and left the affairs of the big league—the national industrial economy—to politicians and reformers. Ours, after all, is a business civilization and if that civilization is to be preserved, its professional managers must not only be good economic technicians but also good citizens in every sense that that word implies.

The freedom we have enjoyed in America is not the fruit of fortuitous accident, of great natural resources, or of mere isolation from the tangled skein of European politics. It is the direct result of education, purposeful thinking, and hard work. It is the child of personal competency—intellectual competency, physical competency, moral competency—which the men who founded this nation so eminently typified. To preserve itself, a representative democracy should, therefore, guard and encourage individual competency with every means at its command. For only intellectually competent men can fully discharge the responsibilities of citizenship, weigh new proposals of government against the lessons of history, and vote intelligently. Only physically competent men can create the wealth required to produce a rising standard of living, foster education and finance necessary government activities. Only morally competent men will support religion, assist the incompetent, succor the unfortunate, and exercise the self-restraint necessary to preserve our free institutions.

Obviously freedom can only be had by competent men who understand the basic principles of self-government and who recognize that "eternal vigilance is the price of liberty." Every citizen must do his part, but industrial managers have a peculiarly heavy burden of responsibility to carry in this connection, because ours is a business civilization. We industrial managers must, therefore, be shining examples of civic virtue, using that phrase in its classical sense. We must eliminate unethical practices in our own enterprises so that business can always come proudly into the court of public opinion with clean hands. We must be keenly con-

<sup>87</sup> H. W. Prentis: "Industrial Management in a Republic." Paper read at the 250th meeting of the National Industrial Conference Board; March 18, 1943. New York: Newcomen Society; 1943, selected from pp. 10-11, 13-15, 25.

scious of the social significance of our day by day decisions. We must raise the standard of living by passing along the benefits of improved technique and quantity production through lower prices and higher wages. We must constantly endeavor to create better working conditions by the elimination of health and accident hazards. We must steadily seek ways and means of regularizing employment and cushioning the effect of advancing technology on the lives and fortunes of our workers. We must seek, in short, to be industrial statesmen rather than mere business men

Wide popular support exists for Prentiss' views that "the cult of competency" was the pillar of American democracy, and Americans were conscious of the fact, as Walter P. Chrysler has demonstrated in his *Life of an American Workman*, that some of the most successful business magnates and industrial managers come from the ranks of the workmen.<sup>18</sup> Less recognition is given to the claim that technical competence is identical merely with business competence, or that American business leadership is necessarily the mainstay of the American way of life. Had these business leaders given more credence to the more representative American philosophy or to the full span of American history on this point, Prentiss might not have attributed such preponderance to "the business and professional men who established the American Republic."<sup>19</sup> James Truslow Adams, previous to the depression in 1929, prematurely described the United States as "A Business Man's Civilization."<sup>20</sup> As America experienced the promising boom of the 1920's, the businessmen themselves believed in increasing numbers that they were "the most influential class in the country."<sup>21</sup>

Contesting this class-conscious philosophy, one professor put the more popular ideology, which prevailed by the end of World War II, in the following words: "For once, I prefer the French who say *les affaires sont les affaires*—business is business. And, maybe, nothing is the matter with business, or with its ruling us, after all, this base world never had a milder master. Let those who can, make money, and let nobody begrudge it to them. But after we have given to the modern Caesars what is rightfully theirs—the coins with their image on them—could we not stop there instead of going ahead and link-

<sup>18</sup> Walter P. Chrysler *Life of an American Workman* Philadelphia: The Curtis Publishing Company, 1938. This book was originally a series of articles published in the *Saturday Evening Post*.

<sup>19</sup> Prentiss "Industrial Management in a Republic," p. 13.

<sup>20</sup> James Truslow Adams "A Business Man's Civilization," *Harper's Magazine*, July 1929, vol. 159, p. 142.

<sup>21</sup> Samuel O. Dunn "The Practical Socialist," *Nation's Business*, November 1928, vol. 16, p. 15.

ing top salaries to genius, money-making to God's service, or business for profit to the promotion of liberty?"<sup>92</sup>

## 11. THE PUBLIC ADMINISTRATION OF AMERICAN TECHNOLOGY

American labor leaders, too, believed in the "cult of competency" but they felt that membership was no longer restricted to business management. This philosophy was expressed in 1940 by (a) Philip Murray, ex-coal miner, chairman of the United Steel Workers of America and of the Congress of Industrial Organizations, and (b) in 1945 by Walter Reuther, ex-automobile worker and head of the largest CIO union, the United Automobile, Aircraft and Agricultural Implement Workers of America.

### (a) PHILIP MURRAY

#### "Management and Organized Labor"<sup>93</sup>

The next step is the recognition of the interest that labor has in the conduct of business. Today the ownership of industry is sharply separated from the control. The stockholder usually has no voice whatsoever in the administration of his company. Only an exceedingly small percentage of them can or do attend stockholders' meetings. Proxies are gathered by the management at corporate expense. Management has usurped the prerogatives of ownership and is in fact responsible to no one but its patrons, finance capital.

When management resists labor organization, it is fighting to preserve this usurpation at the expense of the ownership. The next step, therefore, is to raise ownership and labor to a common level with management, and when this is done, we can take the next great voluntary move forward in the solution of the problems of unemployment and job security. If this effort fails, then government regulation, either benevolent or fascistic, is the only road remaining.

### (b) WALTER REUTHER

#### "Conversion of Government-Owned War Plants"<sup>94</sup>

We propose that the Congress set up two public authorities, similar in organization and function to the Tennessee Valley Authority:

<sup>92</sup> Alexander H. Pekelis: "Of Freedom and Profits." *Public Administration Review*, Summer 1945, vol. 5, p. 281.

<sup>93</sup> Quoted in Morris Llewellyn Cooke and Philip Murray: *Organized Labor and Production*, pp. 251-2. Reprinted by permission of Harper & Brothers. Copyright, 1940, Harper & Brothers.

<sup>94</sup> Walter Reuther: "Conversion of Government-Owned War Plants." *Are War Plants Expendable?* Ypsilanti: Willow Run Local 50, UAW-CIO; 1945, selected from pp. 4-5, 15, 21.

a Housing Production Authority, and a Railroad Equipment Production Authority. These public corporations will be authorized to operate government owned war plants as they become available in a comprehensive program for the manufacture and distribution of low cost housing and modern railroad rolling stock. With final victory, we can employ, through this two-fold program, six million people who would be engaged directly and indirectly in the mass production and mass distribution of rolling stock and low cost housing. We can, by means of this program, meet one-tenth of our national employment budget—sixty million jobs.

The program will be both comprehensive and flexible. There will be three methods of plant operation. Each of the two authorities will be empowered to

- (1) lease plants to private manufacturers, to be operated as part of the program,
- (2) directly operate government owned plants,
- (3) lease plants to workers' producer cooperatives, to be operated as part of the program.

It is conceivable that in the execution of such an over all production program some plants will be operated directly by one of the two public authorities some by private management and others by workers cooperatives. Each plant could contribute to the total program as do plants in the B29 heavy bomber program. The program must meet three minimum requirements

- (1) It must establish an equitable wage pattern,
- (2) It must provide a good, low-cost product,
- (3) It must operate in a manner to protect the government's investment.

The ultimate promise lies beyond mere employment, in an industrial democracy in which workers will be people, not so many 'hands' punching timeclocks or so many robots going through the motions of production without a sense of creating or belonging. Workers crave status, a status of dignity, worthy of free men. They see the promise of such status in an economy of security and abundance, made possible by the full utilization of men and machines. If the promise proves a mirage, beware, our free way of life is not perpetually guaranteed against the shocks of frustration and despair.

It is important to observe that the Authority which is here proposed will, like the Tennessee Valley Authority, be able to act as a gigantic yardstick, by which the efficiency of older methods will be measured.

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There is a difference, it will be noted, between Murray's fear of 'benevolent' government regulation and Reuther's bold program of public enterprise. Quoting Veblen, Reuther nevertheless urged his aggressive plan for labor's participation in management 'in behalf

of the technicians and production workers.”<sup>95</sup> American “engineers” since Veblen (and Towne too) have sought to become economists and managers, but seldom was this desire expressed by American workmen, whether they were regarded as skilled technicians, semi-skilled operatives, unskilled workers, or union leaders. Even Thorstein Veblen, who had inquired into the fantastic possibilities of an American “Soviet of Technicians,” had dismissed the prospects of American labor toward this end, since its conservatism limited it to bargaining for the immediate needs of its own craft unions. He regarded the American Federation of Labor as “one of the Vested Interests, as ready as any other to do battle for its own margin of privilege and profit”; and at the time he wrote in the early 1920’s, he saw “no other organization in sight which differs materially from the Federation . . . unless a doubtful exception should be claimed for the Railroad Brotherhoods.”<sup>96</sup>

All these disputes were before the day of mass unionization of industry under the C.I.O. in the 1930’s. Since then, A.F. of L. unions too, like the International Ladies Garment Workers Union, which had pioneered in union experiments with social security and educational programs, now went so far as to accept and perfect the hated time-and-motion studies of Taylorism as a basis for wage negotiations.<sup>97</sup> The United Mine Workers, which shifted from C.I.O. to A.F. of L. under the dynamic leadership of John L. Lewis, also engaged in the administration of welfare and health services for its members, with the support not only of its powerful membership but also of recognized specialists recruited from the fields of public health and military administration.<sup>98</sup> Meanwhile, a systematic public administration of labor-sponsored programs had evolved, including the New Deal’s social security program and official labor boards sympathetic with the newer trends. Governmental employees in clerical and

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<sup>95</sup> Walter Reuther: “Our Fear of Abundance.” *The New York Times Magazine*; September 16, 1945. Alfred P. Sloan, in 1941, had anticipated large-scale changes in the organization of the prefabricated housing industry in his *Adventures of a White-Collar Man*. New York: Doubleday, Doran and Company, Inc.; 1941, pp. 197-9.

<sup>96</sup> Thorstein Veblen: *The Engineers and the Price System*, pp. 87-90. Prentis had also pled for the peace-time use of “a larger reservoir of spending power.” “Industrial Management in a Republic,” pp. 29-30.

<sup>97</sup> William Gomberg: *A Trade Union Analysis of Time Study*. Chicago: Science Research Associates; 1948. See especially the Foreword by David Dubinsky, President of the I.L.G.W.U.

<sup>98</sup> See the comprehensive report of the United States Coal Mines Administration, *A Medical Survey of the Bituminous Coal Industry*, submitted to the Department of the Interior on March 17, 1947, by Rear Admiral Joel T. Boone, Director of the Medical Survey Group. Following the coal strike of 1946 and the subsequent court decisions, the U.M.W. announced the appointment, as Executive Officer of its own Medical and Hospitalization Service, of Dr. Warren F. Draper, formerly of the U. S. Public Health Service and former Major General, U. S. A.

administrative posts at the same time began to intensify their own union movement, and by the end of World War II, the embarrassing question even began to be asked in industrial circles, "Should management be unionized?"<sup>99</sup> Moreover, World War II saw the flowering of labor management committees which brought workmen closer than ever before to both the powers and the problems of management. After World War II a reaction set in against labor's recently favored position, but even non-labor sources undertook to support such unusual measures as the guaranteed annual wage recommended by Reuther.<sup>100</sup>

Reuther's program of telling management how to operate the top-side technology of American production was admittedly a fundamental "invasion of prerogatives that management has heretofore assigned to itself."<sup>101</sup> From the perspective of the mid-century, however, it was a mistake on the part of business to dismiss labor's incursion into American management as an effervescence of World War II and as outside the stream of American administration. Labor's participation had its roots in the American urge for both democratic sharing and technological competence. Mary Follett's *New State* had pointed out at the end of World War I that the pressure of war had resulted in the recognition of labor "in the management of industry", and this belief had led her to her main conclusion that "a new state is coming—we cannot be blind to the signs on every side."<sup>102</sup> In 1919, at a warm Taylor Society discussion on the subject, Professor Felix Frankfurter of the Harvard Law School, who was regarded as Brandeis' successor when he later mounted the Supreme Court bench, predicted that labor would soon be demanding "some share in management."<sup>103</sup> By 1934, with the advent of the New Deal, Pro-

<sup>99</sup> H. W. Anderson, "Should Management Be Unionized?" *American Management Association*, 1945, Personnel Series No. 90.

<sup>100</sup> National Planning Association, Release, August 15, 1948. See the review of the literature in this field by Herman Feldman, "Annual Wage, Where Are We?" *American Economic Review*, December 1947, vol. 37, pp. 823-47.

<sup>101</sup> James A. Wechsler, "Labor's Bright Young Man," *Harper's Magazine*, March 1948, vol. 196, p. 270.

<sup>102</sup> Mary Follett, *The New State*. New York: Longmans Green and Company, Inc. 1918, pp. 327, 330. See also Earl Dean Howard, "The Development of Government in Industry," *Illinois Law Review*, March 1916, vol. 10, pp. 567-73. W. M. Liscerson, "Employment Management, Employee Representation and Industrial Democracy," United States Department of Labor, 1919. Address before the National Association of Employment Managers, Cleveland, May 23, 1919. John D. Rockefeller, Jr., "Representation in Industry," Address before the War Emergency and Reconstruction Conference of the Chamber of Commerce of the United States, Atlantic City, December 5, 1918.

<sup>103</sup> Felix Frankfurter, "Industrial Relations, Some Noteworthy Recent Developments," *Bulletin of the Taylor Society*, December 1919, vol. 4, p. 14. Frankfurter had recently been Chairman of the War Labor Policies Board, and, quoting Lord Robert Cecil, was basing his views largely on wartime British experience.

fessor Walter J. Shepard of Ohio State University, the President of the American Political Science Association, analyzed the emerging "Philosophy of the Good Life," as including first, the right of the worker to "creative work"; second, the right to "an adequate standard of living"; and third, the right "to a substantial share in the management of the industry to which he has devoted his labor and his life."<sup>104</sup>

A demand for a system of administration that was both "scientific" and "democratic" was felt beyond labor and industrial circles. As one of the agencies that had long participated, if not "interfered," in the productive process itself, American government also had a stake in making public administration both technically competent and democratically responsive.

## 12. AMERICAN MANAGEMENT AND DEMOCRATIC GOALS

One of the advocates of the need for technically competent management in all phases of American democracy was Harold D. Smith, Budget Director of the United States during the critical years of 1939-46. Smith was trained as an engineer but became interested in municipal management, state government and national planning. When he became Director of the Budget, President Roosevelt leaned heavily upon him although Smith had no party affiliations and was not known as a New Dealer. In spite of his preoccupation with higher policy, Smith sponsored improved administrative management in all of the departments of the national government and in the overall executive staff agencies. After the arduous war years, Smith resigned to become Vice President of the International Bank of Reconstruction and Development. During the previous year, there had appeared a compilation of his lectures from which he is quoted below concerning the relationship between administrative technique and American democracy.

### HAROLD D. SMITH

#### **The Management of Your Government<sup>105</sup>**

In our concentration on techniques we sometimes forget what the administrative machine is supposed to accomplish. Of course this concentration rarely exists in wholly undiluted form, but the management

<sup>104</sup> Walter J. Shepard: "Philosophy of the Good Life." Presidential Address before the American Political Science Association, December 28, 1934.

<sup>105</sup> Harold D. Smith: *The Management of Your Government*. Selected from pp. 28-9, 179. Reprinted by permission of The McGraw-Hill Book Company, Inc. Copyright 1946, The McGraw-Hill Book Company, Inc.

profession in its schools, its literature, and its practice generally has been concerned with methods and means rather than with ends

In fact, it appears that some of those in the management profession have a high abstract intelligence in their technical field, but not a very high social intelligence

After all, it is the goals of management that are important, and the tools become important only as they aid in reaching those goals. Through its resources the profession by more or less scientific methods, can determine how to assemble parts into a whole with the minimum outlay of man hours, it can determine how to route or to process a piece of paper with the minimum number of movements and the minimum outlay of human effort. With all these analyses, however, it has no assurance that the people who do the work do it willingly or with any sense of accomplishment. They may, because of lack of interest or lack of understanding of the bigger objectives, among other reasons work at a pace or in a manner far below their abilities. If they were more informed about the large objectives and consequently were more sensitive to the goals they would be less enslaved by the mechanics of attaining these goals.

The complexities of modern industrial society have put these democratic institutions and the individualistic spirit to a supreme test. The fact that a number of nations have failed in that test has brought Western civilization to near destruction. We need more consideration of the general welfare, more appreciation of the value of democratic institutions and the worth of the individual, to weld an organized front that will forestall forever that threat of destruction. In the fall of 1944 President Truman at that time Senator, described the situation clearly when he declared: "If this country can utilize all of its man power to make engines of destruction with which to overwhelm our enemies surely we can use that same man power to improve our cities, build highways, erect decent homes, and provide every workingman with more of the good things of life."

The democracies have proved that they can effectively mobilize all their resources for war. They must also prove that they can organize to solve the problems of peace. In this they will succeed only if individual freedom is blended with social responsibility. The management of democratic government must be imbued with both individual freedom and social responsibility in order to master its peacetime task.



Harold Smith's view of the priority of humanitarian objectives over mere techniques in a democracy was voiced by Leonard White in his dialogue with T. V. Smith on "the civic art in America" in 1939: "Don't misunderstand what we administrators mean when we use the short hand of efficiency and economy. When we say of efficiency we think of homes it saved from disease, of boys and



girls in schools prepared for life, of ships and mines protected against disaster, of airplanes guided safely along the radio beam through fog and rain to the haven of a friendly airport. We do not think in terms of gadgets and paper clips alone."<sup>106</sup> Political scientists, public administrators, and many American citizens, like Smith and White, thus believe in the reconciliation of American technology with American democracy. These are pervasive ideas. They take us back to the question, already examined, of the essential relations between management or administration and objectives or policies; they also lead forward to delicate questions of governmental planning and administrative bureaucracy.<sup>107</sup> Yet the two driving forces of democracy and technology remain the broadest elements by which we can characterize American administration.

## SUMMARY

From its beginning as a nation, the United States combined the democratic urge for popular participation in the management of affairs, as noted by de Tocqueville, with the technical facility for proficient production and efficient procedures, as demonstrated by Washington, Hamilton, and Jefferson, and perfected by Henry Towne and Frederick Taylor. Similar canons of economy and efficiency were applied to the procedures of American democratic government itself, as reflected in the work of President Taft's Commission on Economy and Efficiency. But economy and efficiency were not enough. Efficient administration required, as represented by Louis Brandeis, scientific management of management as well as of labor and, according to Dexter Kimball and other writers, it also required the scientific distribution of the fruits of labor as well as efficient production itself. Continuing evidence of technological incompetence as well as undemocratic behavior in American life persisted, but whether this evidence was exposed by iconoclastic critics like Thorstein Veblen or cryptic commentators like Howard Scott, the comparative superiority of American technique and American democracy was widely accepted—even by Soviet critics like Ilya Ilf and Eugene Petrov.

The American consensus in combining efficient production and democratic management was strengthened by the wide support it received, ranging from business executives like Henning Prentis and Eugene Wilson to labor executives like Walter Reuther and Philip

<sup>106</sup> Leonard White and T. V. Smith: *Politics and Public Service*. New York: Harper & Brothers; 1939, pp. 7-8.

<sup>107</sup> See Chapters 2, 7, and 16.

Murray Their means differed the one insisting upon leadership in both government and industry by competent business managers while the other demanded for 'technicians and production workers' a voice in the overall management of the American system Looking at these problems from the highest vantage point of national responsibility, that is, from the Executive Office of the President, Harold Smith was convinced of the necessity and the possibility of reconciling the varied forces of American democracy—popular and technical, private and public As the nation reached the mid-century point, the contest became more heated Excepting a world wide conflagration, hope still ran high for continuing the historic combination of democracy and efficiency in administering American affairs

## CHAPTER SIX

### COMPARATIVE ADMINISTRATION

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ALTHOUGH mankind possesses a common stock of administrative experience, every nation tends to develop its own unique administrative pattern. These national differences emerge out of the special social setting, the peculiar economic bent, and the particular political culture of each country. We will attempt in this chapter to sketch distinctive administrative profiles in 1) Great Britain, 2) France, 3) Germany, 4) Soviet Russia, 5) Latin America, and 6) international government. The first three represent compact nations with relatively well-established administrative patterns. In the case of the last three, the administrative systems are in flux, but seem to be drawing upon cosmopolitan managerial experience, notably from the United States.

A description of the detailed features of each national administrative system would require a treatise of its own. Not only are such administrative data fragmentary for many nations, but even if available for all, they would not serve the main purpose of this chapter, which is to present some distinctive administrative profiles rather than the specific features of individual administrative systems. For this reason, and at the risk of appearing fragmentary, the material will comment broadly on the administrative culture of the six illustrative cases.

#### 1. THE EXPERT-LAYMAN RELATIONSHIP IN BRITISH ADMINISTRATION

The British government, and especially the expert British civil service system, has for years been a source of curious and even envious

interest to Americans.<sup>1</sup> On the other hand, British industrial and business management has so far had few devotees on this side of the Atlantic.<sup>2</sup> Nor did the prevailing American sentiment become more receptive toward British business management when, within a few years after World War II, England found it necessary to nationalize its coal industry, banking, civil aviation, transportation, communication, and electricity systems, or when it set out to socialize steel.<sup>3</sup> Most Americans did not realize until mid century that the Conservative Party, as well as the British Labor Party, was committed to the program of collectivizing large scale enterprise, and they remained bewildered at the persistence of political freedom among those whom they regarded as regimented socialists. These anomalies of British policy may become clearer when one understands that Britain's tradition of combining the skill of the expert with the insight of the layman is as basic to the Englishman in the management of his affairs as his desire to preserve his political freedom while securing his economic subsistence.

This progressive adherence to the expert layman tradition has been confirmed by several observers of British affairs: (a) A Lawrence Lowell, American lawyer, political scientist, President of Harvard and renowned American authority on the English government, (b) Theodore Monson, British educator and administrator, (c) Francis L. C. Floud, a civil servant of the British 'administrative class', and (d) Paul Einzig, an American journalist who observed the continued dependence upon the expert layman combination when after World War I Britain's Labor Government seriously embarked on its socialist plans.

#### (a) A LAWRENCE LOWELL

##### The Government of England<sup>4</sup>

Of all the existing political traditions in England the least known to the public, and yet one of those most deserving attention is that which governs the relation between the expert and the layman.

The first branch of the English government to reach a high

<sup>1</sup> One of the earliest of several basic studies of the British public service was Dorman B. Eaton, *Civil Service in Great Britain* (New York: Harper & Brothers, 1880). The book was first issued in 1879 under the title *Report Concerning Civil Service in Great Britain*, 46th Congress, 2nd Session, House of Representatives, Doc. 1, part 7.

<sup>2</sup> Herbert N. Casson, *Britain's Ways of Work and Ours* (Nation's Business, April 1928, vol. 16, p. 21 et seq.).

<sup>3</sup> See for example Senator Ralph E. Flanders, *The Function of Management in American Life*, p. 8.

<sup>4</sup> A. Lawrence Lowell, *The Government of England* (Selected from vol. 1, pp. 173-74, 176). Reprinted by permission of The Macmillan Company. Copyright 1909. The Macmillan Company.

point of development was that which dealt with the administration of justice; and it is here that we first see the cooperation of professional and lay elements. The justice of the peace was in most cases a landowner, a country gentleman, not skilled in law. The justice supplied, in fact, the lay, not the professional, element in his own court; the requisite legal knowledge being usually furnished by his clerk, who was learned in the law; or, at least, learned in the duties of the justice of the peace as set forth in the statutes and in the manuals published for the purpose.

The reader will probably remember Dickens' burlesque [in *Pickwick Papers*] of the relation in the scene at Ipswich, where after much whispering between the justice (Mr. Nupkins) and his clerk (Mr. Jinks) the magistrate says to Mr. Pickwick:—

"An information has been sworn before me that it is apprehended you are going to fight a duel, and that the other man, Tupman, is your aider and abettor in it. Therefore—eh, Mr. Jinks?"

"Certainly, Sir."

"Therefore, I call upon you both to—I think that's the course, Mr. Jinks?"

"Certainly, Sir."

"To—to—what, Mr. Jinks?" said the magistrate pettishly.

"To find bail, Sir."

"Yes. Therefore, I call upon you both—as I was about to say, when I was interrupted by my clerk—to find bail."

Leslie Stephen, I think, remarks somewhere that the characteristic feature of the English system of government is a justice of the peace who is a gentleman, with a clerk who knows the law; and certainly the relationship between the titular holder of a public post, enjoying the honours, and assuming the responsibility, of office, and a subordinate, who, without attracting attention, supplies the technical knowledge and largely directs the conduct of his chief, extends throughout the English government from the Treasury Bench to the borough council.

## (b) THEODORE MORISON

### "Civil Service Traditions"<sup>5</sup>

The theory and practice of Parliamentary Government is that decisions are taken by Ministers and that the Civil Servants supply the Minister with the information necessary for coming to a right decision. From this general proposition there follow certain consequences which have become maxims in Whitehall.

(1) The Civil Servant must place before his chief the arguments on both sides of the case, fully and fairly. Whatever his own sympathies

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<sup>5</sup> Theodore Morison: "Civil Service Traditions." *Public Administration*, Jan. 1926, vol. 4, selected from p. 14. Reprinted by permission.

may be he must put before his chief all the arguments which may be urged against the view which is taken in the office

(2) When the decision is once taken he must loyally carry out the policy chosen, even though he may have preferred a different one

(3) The Civil Service is responsible for continuity of policy, or such continuity as is possible under our system of Party Government. A Civil Servant whom I know used frankly to recognize the fact that one part of his programme was more likely to be passed by the Conservatives and another part by the Liberals. Progress in Whitehall, he used to say, 'is not in a straight line, it is a series of zigzags'. But he kept before himself the goal which he hoped to attain. The Civil Service is thus a corrective of Party Government, its proper concern is the good of the nation as a whole irrespective of party, and to each Minister in turn it submits this national point of view

(4) The Civil Servant must observe absolute silence and discretion as to what occurs in the office. The decision when once taken is that of the Minister or of Cabinet, and it is contrary to tradition for a Civil Servant to take credit for any measure accepted by Parliament, though he may in fact have been the author of it. As the decision is his, the Minister must take full responsibility for it. If the decision happens to be wrong he must not shield himself by blaming his officials and it is expected that he should defend his officials if they are attacked in public; if he cannot defend them he must resign

### (C) FRANCIS FLOOD

#### "The Sphere of the Specialist in Public Administration"

It is said that the English nation is proverbially suspicious of experts and whether that is so or not it is certainly the case that it has been almost invariably the practice that the members of the Government of this country are selected not on the ground of their expert knowledge of the department of which they take charge, but because they are men of affairs who are capable of coming to decisions not on their own knowledge but on the evidence submitted to them by others. On the whole, this system has worked well largely because each new Minister, however ignorant he may be of the work of his office, can rely on finding a body of disinterested and experienced officials who can supply him with all the evidence and information he needs and can advise whether any policy he proposes is practicable. Indeed I am not sure that if the secrets of our hearts were revealed we should not say that we prefer to have an openminded though ignorant Minister to one who comes to his office with a modicum of knowledge and the belief that he knows more than his permanent advisers on all the problems of his department. I

\* Francis Flood. *The Sphere of the Specialist in Public Administration*. Public Administration 1923 vol 1 pp 118-19 122. Reprinted by permission.

should be sorry if it was considered necessary that the Minister of Health must be a doctor, the Minister of Agriculture a farmer, the President of the Board of Trade a merchant, or the First Commissioner of Works a builder.

We English are an illogical nation, we have built up our civilization without any attempt to reduce our constitutions to writing, and we have, as our critics tell us, an incurable habit of trusting to muddling through all the problems that confront us. But, at the same time, we are an intensely practical people. The spirit is more than the letter or the written word and the problem of the specialist in public administration depends far more upon cultivating in all ranks of the Service a spirit of goodwill and mutual cooperation than upon any precise delimitation of functions.

(d) PAUL EINZIG

**"The Front Office Goes Socialist" <sup>7</sup>**

The gradual application of Socialism in Britain since 1945 was not accompanied by any "purge" of managements, not even in the less drastic form of wholesale dismissals. On the contrary, the Socialist Government went out of its way to establish friendly relations with top managements, of both nationalized and private enterprises in so far as this could be done without sacrificing any essential part of its program. While Ministers and senior officials were unhesitatingly placed in charge of affairs they knew little or nothing about, the Government was realistic enough to prefer to have experienced executives in charge of nationalized enterprise.

The Government holds out appreciable inducements to expert business executives willing to serve under it. In the first place, the salaries of top managers in nationalized industries remain at the same high level as under private ownership. In some instances, the boards of nationalized industries have enticed managers from private business through the offer of higher pay. There is certainly no question of leveling down managerial salaries to the scale of pay of government officials. Even though the Bank of England has become practically the City branch of the Treasury, the salaries of its officials remain well above the salaries of the corresponding classes of Treasury officials. The story goes that, when the news of the overwhelming Socialist victory in the 1945 general election was received at a gloomy dinner party in New York, one of the guests remarked, "Poor Catto, now he's sure to be hanged." Instead of that, Lord Catto was requested to remain as Governor of the Bank of England after it was nationalized. There were, in fact, a few resignations from nationalized industries, but not many. Generally speaking, most

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<sup>7</sup> Paul Einzig: "The Front Office Goes Socialist." *Nation's Business*, May 1948, vol. 36, adapted from pp. 42, 43, 67. Reprinted by permission.

executives regard themselves as nonpolitical business men whose job is to run their banks, factories or merchant firms

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This expert layman formula is not exclusively British. Like Pickwick at Ipswich, Cicero noticed among the Romans that 'many of those who hold magistracies, being in ignorance of the official power granted to them by the law, know only as much as their clerks want them to know'.⁸ The formula is 'peculiarly British' in that the British have converted what would otherwise be regarded as institutionalized ignorance of their lay leaders into a virtue of their public administration. They argue that their system is all the better because the amateurishness of their leaders compels them to accept the expertness of their administrators. It has been remarked that one British cabinet member was able to shift so readily from his responsibilities as head of the Ministry of Foreign Affairs to the Home Office primarily because he had so little to do with either.

Obviously, there are dangers in the layman's dependence upon the expert, not the least of which is the possibility of the abuse of power, especially by an all powerful "administrative class." What if an expert permanent under secretary seriously abuses his position either by exercising too much power himself or by preventing his amateur political chief from exercising enough power? In that case, said the distinguished Sir Norman Fenwick Warren Fisher, who, as Permanent Under Secretary of the Treasury, sat at the very top of the hierarchy of the British public service, 'I should ask him to be less of an ass'.¹⁰ More serious still, what would happen if the expert lacked the requisite skill? This prospect of expert incapacity during the critical post war period was faced by Sir John Anderson, who not only rose to the top of the administrative class as a permanent under secretary but also became a high cabinet member in the wartime government. Anderson's main concern was not the wisdom of the program itself, but the danger that the process of extending national ownership and control might run ahead of the appropriate technique.¹¹ Similarly Sir Josiah Stamp, an outstanding British industrial leader, warned, after his observation of American govern-

⁸ Cicero *De Legibus* Book III p. 461. See also the comments about Roman amateur and expert in George H. Stevenson *Roman Provincial Administration*, Oxford: B. Blackwell, 1939.

⁹ Francis Floud *The Sphere of the Specialist* p. 118. One of the earliest statements following the publication of Lowell's book concerning the "amateur" and the "expert" was Ramsey Muir *Peers and Bureaucrats* London: Constable and Co., 1910.

¹⁰ Don K. Price *Civil Service in Britain* Civil Service Assembly Bulletin No. 3 January 1937. Reprinted from *Washington Post* December 19-22, 1936.

¹¹ Sir John Anderson "The Machinery of Government" *Public Administration*, Autumn 1946 vol. 24 p. 154.

mental experimentation in 1936: "One cannot safely legislate beyond the capacity of experienced administration to execute."¹²

The efficiency of the British civil service was seriously questioned during the post-war economic transition.¹³ In particular, the British had to admit that their industry was lagging not only mechanically and technologically but also in terms of managerial technique. In spite of British forerunners to Frederick Taylor like James Watt, Robert Owen and Charles Babbage,¹⁴ in spite of administratively-minded predecessors to Henri Fayol like the English banker James Gilbart,¹⁵ and in spite of the early welcome given to scientific management in British engineering circles,¹⁶ there was, after the World War, evidence of what Americans have harshly called *Technological Stagnation in Great Britain*.¹⁷ As a consequence, one of the major steps of the Labor Government was to launch a drive for industrial efficiency in post-war Britain;¹⁸ and, indeed, as part of the post-war economic aid program of the United States, a joint Anglo-American Productivity Council was established. It is interesting to note that on this Council, the conception of the expert was widened to include labor leaders as well as managers among the Americans as well as the British; the eight American members included not only such industrialists as Philip D. Reed, Chairman of the General Electric Company but also Victor Reuther, Educational Director of the United Automobile and Aircraft Workers Union.¹⁹

In England, it is coming to be increasingly recognized that "the social ascendancy of the white collar over the worker's muffler has gone forever."²⁰ But the expert qualifications of the civil servants, of the so-called "black-coated workers," and of the British administra-

¹² Quoted by Victor Weybright: "Our Civil Servants." *Survey Graphic*, February 1936, vol. 25, p. 116.

¹³ D. N. Chester: "The Efficiency of the Central Government." *Public Administration*, Spring 1948, vol. 26, pp. 10-15. See also Harold J. Laski: "The Education of the Civil Servant." *Public Administration*, April 1943, vol. 21, p. 23.

¹⁴ Charles Babbage: *The Economy of Machinery and Manufactures*. London: C. Knight; 1832.

¹⁵ "The History and Principles of Ancient Commerce." *The Merchants Magazine and Commercial Review*, September 1848, vol. 19, p. 257.

¹⁶ L. Urwich and E. F. L. Brech: *The Making of Scientific Management*. London: Management Publications Trust; 1946, vol. 2, *British Industry*, Chapter 3.

¹⁷ Machinery and Allied Products Institute. *Technological Stagnation in Great Britain*. Chicago: Machinery and Allied Products Institute; January 1948. But see H. R. Dennison: "Hopeful Factors in the British Economy." *Foreign Affairs*, January 1947, vol. 25, pp. 277-81.

¹⁸ "Creating a New Britain." *Labor and Industry in Britain*, September, October 1947, vol. 5, p. 161.

¹⁹ House of Commons, Debates, July 28, 1948. The first meeting of the Council took place in London October 25-November 6, 1948.

²⁰ C. J. Newman, President of the National Association of Local Government Officers: *Local Government Service*, July-August, 1948, p. 136.

tors and experts generally, still remains a paramount consideration. Although the British labor movement started out with a strong dose of syndicalist thought regarding workers' control of industry, the general trend of thought of British Fabianism and English Socialism, strengthened now with the challenge of political victory on the part of the Labor Party, has been to insist upon governmental and managerial organs of control rather than 'proletarian planning'.²¹ Embarked on a drastically new policy with extremely limited resources and committed to a revised economy from which there may be no turning back, the tight little island realizes more than ever that its fate may depend upon its expert business managers and public administrators. On the governmental side alone, C. M. Woodhouse predicted with characteristic British humor, that the issues at future British general elections 'will not be that Policy A is preferable to Policy B but that Commissar A is better than Commissar B in carrying out The Policy'.²²

Englishmen have pondered these prospects of a totally expert state, managed without politicians since the time of Francis Bacon, who predicted in his sixteenth century utopia, *The New Atlantis*, a government of technicians, architects, astronomers, and physicians, but without politicians. However, it is unlikely that England will, even under the duress of contemporary circumstances, hand her fate to the expert administrator alone. She will hardly forsake her simultaneous dependence upon the amateur politician who has, after all, ruled her jointly with the expert for so many years.

2 THE FRENCH EXPERIENCE WITH ADMINISTRATIVE SYSTEMATIZATION

In France the administrator and the civil servant, *le fonctionnaire*, plays a more dominant but less effective role. Few observers take exception to the conclusion that in French public administration the inefficient *Monsieur Le bureau* has a disdain for the public and regards his official desk as his private domain. However, it is not only in France that 'the bureaucratic germ is peculiarly virulent' and that 'red tape often chokes the process of administration'.²³ We must therefore look beyond bureaucracy for the apparent French ineptitude for administration. This feature of French life, to the extent

²¹ Robert A. Dahl, *Workers Control of Industry and the British Labor Party*, *American Political Science Review*, October 1947, vol. 41, pp. 875-900.

²² C. M. Woodhouse, *The Politician in Eclipse*, p. 311.

²³ For this widespread characterization of French administration see the findings and references in Walter Rost Sharp, *The French Civil Service*.

that it does exist, is in strange contrast to the systematic tradition and logical emphasis of French culture, as shown by readings from the following: (a) Hippolyte Adolphe Taine, English-trained French historian, describing, in 1890, the Napoleonic era; (b) Professor Walter Rice Sharp, Chairman of the Department of Government at the City College of New York, and an authority on French institutions, writing after World War I; and (c) R. P. Schwarz, an observer of French affairs, Parisian economic editor, and an economic consultant for various British, American, and French firms, writing after World War II.

(a) HIPPOLYTE TAINE

The Modern Regime²⁴

A new France, not the chimerical, communistic, equalized, and Spartan France of Robespierre and St. Just, but a possible, real, durable, and yet levelled and uniform France, logically struck out at one blow, all of a piece, according to one general principle, a France, centralized, administrative, and, save the petty egoistic play of individuals, managed in one entire body from top to bottom,—in short, the France which Richelieu and Louis XIV had longed for, which Mirabeau after 1790 had foreseen, is now the work which the theories of the monarchy and of the Revolution had prepared, and toward which the final concurrence of events, that is to say, "the alliance of philosophy and the sabre," led the sovereign hands of the First Consul. [Napoleon].

It forms one unique, vast, monumental block, in which all branches of the service are lodged under one roof; in addition to the national and general services belonging to the public power, we find here others also, local and special, which do not belong to it, such as worship, education, charity, fine arts, literature, departmental and communal interests, each installed in a distinct compartment. All the compartments are ordered and arranged alike, forming a circle around the magnificent central apartment, with which each is in communication by a bell; as soon as the bell rings and the sound spreads from division to sub-division, the entire service, from the chief clerk down to the lowest employee, is instantly in motion.

Nowhere in Europe are human lives so well regulated, within lines of demarcation so universal, so simple, and so satisfactory to the eye and to logic: the edifice in which Frenchmen are henceforth to move and act is regular from top to bottom, in its entirety as well as in its details, outside as well as inside; its stories, one above the other, are adjusted with exact symmetry; its juxtaposed masses form pendants and

²⁴ Hippolyte Taine: *The Modern Regime*. Selected from Book II, Chapter 3, secs. 3-4. Reprinted by permission of Henry Holt and Company. Copyright 1890, Henry Holt and Company.

counterpoise, all its lines and forms, every dimension and proportion, all its props and buttresses combine, through their mutual dependencies, to compose a harmony and to maintain an equilibrium. In this respect the structure is classic. For the first time in modern history we see a society due to ratiocination and, at the same time, substantial, the new France, under these two heads, is the masterpiece of the classic spirit.

(b) WALTER RICE SHARP

*The French Civil Service*²⁵

By the dawn of the present century, the domain of public administration in France had become far reaching. Its activities were multifarious: it was building highways, bridges, and canals, it was operating one railway system and closely regulating the operation of all the others, it had a monopoly on the manufacture of matches and tobacco, it was administering accident compensation and old age pension acts, it was running theatres, opera houses, and museums and making famous tapestries and porcelain, it was gathering statistical and other scientific data of all kinds. Conservative deputies and senators and *Le Temps* might continue to rant against the insidious menace of *étatisme* to individual enterprise, but as elsewhere in western Europe, State intervention in France grew apace under liberal republican rule. It is evident how the impact of *étatisme*, plus the formidable difficulties left by the war, [had] complicated the problems of French public administration. The old bureaucratic heritage of monarchical, pre industrial times no longer [met] the needs and aspirations of the French nation.

As the business of the state expanded, the wheels of administration turned more and more slowly. Reform projects gathered dust in sagging archives at Paris. Always formalistic to excess, office method seemed to grow increasingly devious. Masses of detail choked the slow moving hierarchical machinery which, by its very nature, permitted few lateral "short cuts" in the handling of correspondence and reports. M. Chardon's masterful indictments of this *paperasserie* are filled with examples of its failure to meet the demands of an industrial age upon the agencies of government. Territorially, the government of France is an example of advanced centralization, functionally, it is anything but that.

In these days Frenchmen are prone to talk eloquently about "rationalizing" their industrial organization. Indeed, during the past decade they have made admirable strides toward the injection of modern science and technology into their economic processes. If they would only tap this reservoir of energy and resourcefulness for an administrative "rationalization," the behavior of their official bureaucracy might show equally significant changes. The pattern of French political democracy

²⁵ Walter Rice Sharp. *The French Civil Service*. Adapted from pp. 7, 11, 24, 32, 562. Reprinted by permission of The Macmillan Company. Copyright 1931, The Macmillan Company.

needs to be re-cut so as to give full play to technical competence in the development of a planned national life. For this task the French people lack neither human intelligence nor material resources. The question rather is whether they can break through the cramping confines of a stubborn institutional traditionalism.

Our study has revealed portents that this may already be on the way, albeit gradually, fitfully. It would be foolish to anticipate sweeping reform. *Plus ça change, plus c'est la même chose*, runs a celebrated French proverb. Short of the sudden emergence of "a common purpose in peace as vivid and compelling" as the motives which inspired France during the war, the transition from sleepy Napoleonic bureaucracy to a well-knit congeries of public services managed according to twentieth century technical principles may be unduly prolonged.

(C) R. P. SCHWARZ

"Report on France"²⁶

As for the defects of the administration, they are not adequately explained by "purges" of collaborationists, sabotage by many Vichyites still retained in responsible posts, and similar easy excuses. Unfortunately, the evil goes much deeper. To anybody familiar with pre-war France, the growing inadequacy of French administration was even then apparent. The truth of the matter seems to be that every country has the administration for which it is prepared to pay. Demagogic attacks on the Civil Service always brings applause from certain quarters. The phenomenon is not confined to France. But possibly those who attack the French functionary will, when French economy gets normal again, discover gradually that efficient service and initiative require adequate pay as a corollary. And it may even dawn upon them that, in the end, this is cheaper than to maintain Civil Servants on salaries so inadequate that only fools would not supplement them by graft.

On that score, however, I regret that I have not been able to notice much change in the pre-war mentality. There is a vicious circle leading from poor payment of the Civil Servants to inadequate public services; from inadequate public services to cynicism among their users; from cynicism to reliance on self-help and admiration for the *debrouillard*, the man who knows how to "wangle it"; from admiration for the wangler to determination to pay for inadequate public services the minimum of taxes—those taxes which alone could provide better remuneration for Civil Servants. And there you are back at the beginning.

The preceding remarks are not intended to explain away serious defects of administration, or shortcomings, equally serious, in the public's attitude and behaviour. To succeed, a system [needs] to be upheld either

²⁶ R. P. Schwarz: "Report on France." *Fortnightly*, July 1945, vol. 164, adapted from pp. 3-4. Reprinted by permission.

from the inside, by the self-discipline of the population, as in the British case, or from the outside, by non administrative control—the German case, until recently. In the French case, apart from the desperate character of the shortages, there is a perceptible lack of self discipline and an even worse lack of administrative efficiency. Both are openly admitted by intelligent French people. When one meets with cases of this kind, one cannot, as a friend of France, help disappointment at finding that the lessons of the inter war years should not have been learned better. In a nation so intelligent, so gifted in many ways, so worthy of admiration, these serious blemishes hurt doubly because they tarnish a picture that one would somehow have desired perfect.

Inefficiency in France is thus not restricted to the higher civil servants. Henri Fayol's complaints about "*l'incapacité de l'état*"²⁷ cannot be fairly restricted to the French state, as there is a similar inflexibility in French industrial management. André Siegfried has remarked "Each time standardization achieves a new conquest, America hails it as a victory of civilization, while France considers it with some melancholy."²⁸ French labor has been notoriously volatile with regard to matters of scientific management. The introduction of Taylor's time study methods in French industry as early as 1907-1908 led to violent opposition in labor circles.²⁹ The periodic indiscipline of labor and of the quick triggered syndicalist unions are not merely characteristic of industry but suffuse the whole structure of the white-collared clerks and the civil service. In 1932, the French civil service unions fought a government sponsored salary reduction by a unique form of sabotage: they threatened to enforce all of the regulations on the law books and thus paralyze French society.³⁰ "Indiscipline" is admittedly "the glaring defect of the French character."³¹

It would be a mistake to underrate French management completely. French home management "is often a model of planning and organization."³² The brilliant capacity of Frenchmen is not wholly restricted to art and literature or to the crisis period of war. Napoleon was not France's only administrative genius.³³ It should be recalled

²⁷ Henri Fayol, *L'incapacité industrielle de l'état*. Paris, 1921. Reprinted from *Revue politique et parlementaire*, March 10, 1921.

²⁸ André Siegfried, "French Industry and Mass Production," *Harvard Business Review*, October 1927, vol. 6, p. 10.

²⁹ Paul Devinat, *Scientific Management in Europe*. Geneva: International Labor Office, 1927.

³⁰ Dispatch of Edmond Taylor, *Chicago Tribune Press Service*, Paris, January 13, 1932.

³¹ Humbert Michaud, "The Problem of Political Reform in France," *The Nineteenth Century and After*, June 1948, vol. 143, p. 326.

³² Fayol, *Industrial and General Administration*, p. 41.

³³ See Chapter 14, sec. 3.

that even in the field of scientific management Monsieur Coulomb preceded the Englishman, Charles Babbage, in his pin-manufacturing experiments, and as early as 1760, Monsieur Perronet is said to have revealed an earlier appreciation of some of the elements of scientific management.³⁴

The over-congested and over-centralized governmental operations of France have been regarded as far less imaginative, it is true, but France is no longer the only country facing the challenge of administrative centralization in an interdependently technological age. French regionalism has had some success.³⁵ Guerillas, operating in the Nazi-dominated provinces during World War II without benefit of Parisian centralization, reflected as brilliant an example of co-ordinating "local operations" as this form of military experience provides. A talent for spectacular innovation and creative invention is inherent in French life generally, and especially in time of crisis. Despite a widespread disdain for systematization, this ability expresses itself not only in an artistic manner but also in orderly and logical form, and in the past this faculty has constituted one of the most dynamic aspects of French administration.³⁶

Nor is the French governmental system properly described purely in terms of an unstable system of political parties and ministerial succession, the so-called "dance of portfolios." A clear-cut and careful system of administrative adjudication of the rights of individual citizens is evident in French government. Even on the organizational side, the French have shown some ability to experiment in government, notwithstanding the unfortunate fact that they do not have a corresponding sense of personal subordination to the organizational structure. For example, there have been few extra-departmental agencies of control in France similar to the British Treasury or to the United States Civil Service Commission or to comparable overall staff agencies in other countries; but there is frequently a brilliant use of staff work even within the so-called political "cabinets" which co-ordinate and supervise the centrifugal tendencies of the independent bureaus in the individual French ministries.³⁷

The French administrative system is still "in transition,"³⁸ and it may remain so pending France's "unfinished revolution."³⁹ The French have not yet reconciled the libertarian and egalitarian maxims

³⁴ See Chapter 4.

³⁵ R. K. Gooch: *Regionalism in France*. New York: The Century Co., 1931.

³⁶ Harrington Emerson, *Efficiency as a Basis for Operation and Wages*, p. 40.

³⁷ See Chapter 10.

³⁸ Walter Sharp: *The French Civil Service, Bureaucracy in Transition*.

³⁹ W. L. Middleton: *The French Political System*. New York: E. P. Dutton and Co. Inc., 1933.

of the French Revolution of 1789 with the classic administrative hierarchy of the Napoleonic Consulate imposed on the nation in 1799 (the year VIII) Taine aptly said in 1890 in his preface to *The Modern Regime* 'The machine of the year VIII, applied to us for three generations has shaped or fixed us as we are, for good or ill, if for a century, it sustains us it represses us for a century These ideas are ours Therefore, we hold on to them or rather they have taken hold of us' ⁴⁰ The struggle for an effective and humanitarian administration in France has been a contest between compelling ideologies and creative men who have shown their strength at the opportune moment

3 ADMINISTRATIVE RATIONALIZATION OF THE GERMAN COMMUNITY

The Germans have long demonstrated a flair for both systemization in thought and efficiency in action which has led other nations to the extremes of admiration and fear We will have occasion to observe some of their exemplary organizational and procedural practice ⁴¹ However, observers of German life have been undecided as to whether this type of efficiency is a genuine part of the nation's culture or whether it represents an obsession which screens a more fundamental weakness Despite their reputed efficiency, the Germans, during their nearest approach to world domination, in World War II proved to be short sighted planners and bickering managers where they were expected to be strongest—in the realm of industrial strategy and military production ⁴² Although there have always been conflicting loyalties within the nation and within the civil service,⁴³ an intense devotion to both the ethnic community and to an orderly national life has persisted in Germany Germans of various political persuasions have commented upon this drive for precise administration and orderly efficiency Among them were (a) Karl Loewenstein who became a professor of political science at Amherst College after coming to the United States during the 1930's, (b) Adolph Hitler, who echoed the philosophy of bureaucratic efficiency in *Mein Kampf* in 1925, and (c) Karl Mannheim, German sociologist who

⁴⁰ Taine *The Modern Regime* p iv

⁴¹ See Chapters 8-19

⁴² United States Strategic Bombing Survey *The Effects of Strategic Bombing on the German War Economy* October 31, 1945 Chapter 5

⁴³ Paul Kosok *Modern Germany A Study of Conflicting Loyalties* Chicago The University of Chicago Press 1933 See also our Chapter 3

wrote simultaneously, but diametrically, about the German faith in "scientific politics" and "administrative rationalization."

(a) KARL LOEWENSTEIN

Government and Politics in Germany⁴⁴

From its inception, the Prussian state rested on the two pillars of the army and a highly trained civil service. Out of the needs of a permanent army and a centralized financial administration grew that second pillar of German political traditions, the officialdom of the rising Prussian State. Under Frederick William I (1713-1740) the dualism between territorial and central administration was overcome. Similarly, as in England in the eighteenth century for different reasons, the person of the King became nominally divorced from the actual administration and the administrative agencies. Under Frederick I (1688-1713), the first King of Prussia (1701), "cabinet government" was fully developed; but the name implied an entirely different type of government from its namesake in England. It denotes the strictest pattern of personal government, in which the monarch, separated from his ministers and advisers, closeted alone in the solitude of his "cabinet," makes the ultimate decisions on his personal responsibility, while his ministers, merely organs of execution, perform his will as it emanates in the form of "cabinet orders." Many generations later, under the Third Reich, the cabinet orders were revived as what is known as the "Edict of the Fuehrer" (*Fuehrerbefehl*). This system of personal government was workable only by creating and carefully building up the most efficient permanent civil service. Public officials were recruited partly from the army—wherefrom German civil administration has acquired its tradition of military exactness—partly from professionally trained jurists and administrators ("cameralists") who, imbued with devotion to the person of the King and justified pride in professional efficiency, served, with scanty remuneration, for the honor of the service.

Prussian authoritarian government, rooted in the supreme power of the Crown and the corresponding devotion of army and civil service, crude and rustic as it may appear when compared to the secular splendor of contemporary France or to the already cosmopolitan broadness of political life in contemporary England, reveals not the slightest trace of spiritual or political freedom; it was Spartan, hard, efficient. What wonder that Germany, whenever in distress, has taken comfort in returning to the governmental philosophy and military principles of the Frederician era!

⁴⁴ Karl Loewenstein: *Government and Politics in Germany in Governments of Continental Europe* (James T. Shotwell, ed.). Selected from pp. 290-1. Reprinted by permission of The Macmillan Company. Copyright 1940, The Macmillan Company.

(b) ADOLPH HITLER

*Mein Kampf*⁴⁵

Germany was the best organized and the best administered country in the world. One could well accuse it of bureaucratic red tape, but this was no different in all the other States, even rather worse. But what the other States did not possess was the wonderful solidarity of this apparatus as well as the incorruptible, honest loyalty of its representatives. Better to be a little pedantic, but honest and loyal, rather than enlightened and modern but inferior of character, and, as is frequently shown today, ignorant and incompetent. For, if one likes to pretend that the German administration of the pre War time was thought bureaucratically genuine, but bad from the business point of view, to this one can answer only the following: Which land of the world had a better managed and commercially better organized administration in her State railways than Germany? What thereby distinguished especially the body of German officials and the apparatus of administration was its independence of the various governments whose political convictions were not able to exercise any influence on the position of German State officials, the incomparable body of officials of the old Reich.

(c) KARL MANNHEIM

*"The Prospects of Scientific Politics"*⁴⁶

The fundamental tendency of all bureaucratic thought is to turn all problems of politics into problems of administration. As a result, the majority of books on politics in the history of German political science are de facto treatises on administration. If we consider the role that bureaucracy has always played, especially in the Prussian state and to what extent the intelligentsia was largely an intelligentsia drawn from the bureaucracy, this oneness of the history of political science in Germany becomes easily intelligible.

The attempt to hide all problems of politics under the cover of administration may be explained by the fact that the sphere of activity of the official exists only within the limits of laws already formulated. Hence the genesis or the development of law falls outside the scope of his activity. As a result of his socially limited horizon, the functionary fails to see that behind every law that has been made there lie the socially fashioned interests and the *Weltanschauungen* of a specific social group. He takes it for granted that the specific order prescribed by the concrete

⁴⁵ Adolph Hitler *Mein Kampf*. Adapted from pp 386-7. Reprinted by permission of Houghton Mifflin Company. Copyright 1941, Houghton Mifflin Company.

⁴⁶ Karl Mannheim *"The Prospects of Scientific Politics"* *Ideology and Utopia*. Translated by Louis Wirth and Edward Shils. Reprinted by permission of Harcourt Brace and Company. Selected from pp 105-06. Copyright 1936 Harcourt, Brace and Company. Translated from Mannheim's *Ideologie und Utopie*, 1929.

law is equivalent to order in general. He does not understand that every rationalized order is only one of many forms in which socially conflicting non-rational forces are reconciled.

Every bureaucracy, therefore, in accord with the peculiar emphasis on its own position, tends to generalize its own experience and to overlook the fact that the realm of administration and of smoothly functioning order represents only a part of the total political reality. Bureaucratic thought does not deny the possibility of a science of politics, but regards it as identical with the science of administration. Thus non-rational factors are overlooked, and when these nevertheless force themselves to the fore, they are treated as "routine matters of state."



Rationalization in administration has in the past done much for Germany. England, as a weakened victor of World War II, will be doing well if she meets the challenge of greater efficiency which confronts her as effectively as Germany attacked the rationalization program after her defeat in World War I. Hitler not only extolled the rational perfection of the pre-Weimar civil service, but also reiterated the theory that German rationalization was a major means of attaining strategic power and spiritual unity for the German people.⁴⁷ However, the racist strain alone does not account for German rationalization. Besides the influence of American Taylorism,⁴⁸ the foremost German advocate of scientific management was Walter Ratheneau,⁴⁹ democratic statesman and foreign minister, an intensive German nationalist during the post-war period of the Weimar Constitution, and yet the first victim of National Socialist or Nazi assassination.⁵⁰ The incongruities between the objectives of Hitler's rationalization and those of Ratheneau were manifold; and when they came to a head in World War II, Nazi Germany was destroyed by its own inner contradictions—political and administrative—and not merely by a foreign military coalition. A reorganized Germany, desirous of taking full advantage of its tradition of rationalization, must harmonize its "administrative efficiency" with "popular control."⁵¹ The Germans would do well to recall the warning of scholars

⁴⁷ Adolph Hitler: Speech to Industry Club at Dusseldorf, 1932. Norman H. Baynes (ed.): *The Speeches of Adolph Hitler*. London: Oxford University Press; 1942, vol. 1, p. 800.

⁴⁸ H. Hinneenthal: *German Rationalization and the German Efficiency Commission*. Berlin: Reichskuratorium für Wirtschaftlichkeit; 1927.

⁴⁹ Walter Ratheneau: *The New Economy*. Berlin: S. Fischer; 1918. See also Urwick and Brech: *The Making of Scientific Management*, vol. I, *Thirteen Pioneers*, Chapter 8.

⁵⁰ Arnold Brecht: "Walter Ratheneau and the German People." *Journal of Politics*, February 1948, vol. 10, pp. 20-48.

⁵¹ James K. Pollock: "The Role of the Public in a New Germany." *American Political Science Review*, June 1945, vol. 39, pp. 464-73.

like Max Weber and Karl Mannheim,⁵² that there is, after all, some relationship between "rationalization" and 'rationality', and that, if the German community is to remain intact, it must possess a substantive rationality of purpose and policy as well as a functional rationalization of administrative technique. And this is a lesson that merits the attention not only of Germany but of the entire world.

4 RUSSIA'S ATTEMPT TO COMBINE CAPITALIST COMPETENCE WITH COMMUNIST CREDO

The principal paradox in the contemporary contest between communism and capitalism is the fact that Soviet Russia, which is the chief exponent of communism, has adopted for its model the major managerial theories of the United States, the strongest advocate of capitalism. This anomalous admiration for the managerial techniques of the United States along with bitter criticism of its institutions and leaders is characteristic of the Soviets. This duality is seen in Russia's two dictators since the communist revolution: (a) Vladimir Ilyich Ulyanov, better known as Nikolai Lenin, son of a school administrator, professional revolutionary, and supreme Communist Party manager, who always remained, however, an avid student of American management, particularly of the industrial management movement, and (b) Yosip Visarionovitch Dzhugashvili, later known as Joseph Stalin, who also seemed to be strangely at home in many of the details of American management.

(a) NIKOLAI LENIN

"The Urgent Problems of the Soviet Rule"⁵³

We are now confronted by the problem which is the most urgent and which characterizes the present period, to organize the management of Russia. We, the Bolshevik party, have convinced Russia. We have won Russia from the rich for the poor, from the exploiters for the toilers. It is now up to us to manage Russia. For the first time in the history of the world the Socialist party has succeeded in completing essentially, the task of winning power and suppressing the exploiters, and in coming close to the problem of management. We must prove worthy of this. We must not fail to see that besides the ability to convince and win in civil war, successful management depends on the ability for practical organization. Were we to attempt now to continue the expropriation of capital with the

⁵² See Chapter 3.

⁵³ Nikolai Lenin, "The Urgent Problems of the Soviet Rule," *Pravda*, April 28, 1918. Translated in *Bulletin of the Tawlor Society*, June 1919, vol. 4, selected from pp. 35-7. Reprinted by permission.

same intensity as heretofore, we would surely be defeated; for our work of the organization of proletarian accounting and control has not kept pace with the work of the direct "expropriation of the expropriators." If we will now turn all our efforts to the work of the organization of accounting and control we shall be able to solve this problem, we shall overcome our shortcomings and shall win our "campaign" against capital.

We should try out every scientific and progressive suggestion of the Taylor System. To learn how to work—this problem the Soviet authority should present to the people in all its comprehensiveness. The last word of capitalism in this respect—the Taylor System—as well as all progressive measures of capitalism, combined the refined cruelty of bourgeois exploitation and a number of most valuable scientific attainments in eliminating superfluous and useless motions, in determining the most correct methods of work, the best systems of accounting and control, etc. The Soviet Republic must adopt valuable and scientific technical advance in this field. The possibility of socialism will be determined by our success in combining the Soviet rule and the Soviet organization of management with the latest progressive measures of capitalism. We must introduce in Russia the study and the teaching of the new Taylor System and its systematic trial and adaptation.

(b) JOSEPH STALIN

"Foundations of Leninism" ⁵⁴

Leninism is a school where the study of the theory and practice of Leninism produces a special type of Party and State official, a special kind of style in public work. What are the characteristics of this style? what its peculiarities?

There are two: a. revolutionary zeal, inspired by the Russian spirit; and b. businesslike practicality, inspired by the American spirit. The combination of these two in Party and State work constitute what we call "style" in our activities.

Revolutionary zeal is the antidote to laziness, routinism, conservatism, apathy of thought, slavish adherence to tradition and to the beliefs of our forefathers. Revolutionary zeal is a life-giving force which stimulates thought, spurs on to action, throws the outworn into the limbo of forgotten things, and opens the portals of the future. Without such zeal, there can be no advance. But it has a drawback, seeing that in practice it tends to vent itself in revolutionary talk unless it is intimately combined with level-headedness and business-like action imbued with the American spirit. There is no lack of examples of the kind of degeneration referred to above. Who has not had experience of the fatal disease of "revolutionary" planning, of "revolutionary" projects which

⁵⁴ Joseph Stalin: "Foundations of Leninism." Lecture delivered at Sverdloff University, April 1924. Eden and Cedar Paul (trans.): *Leninism*, selected from pp. 175-7. Reprinted by permission of G. Allen & Unwin. Copyright, 1928, G. Allen & Unwin.

are concocted in the blind belief that a decree can change everything, can bring order out of chaos? No one has ridiculed this unwholesome faith in paper decrees and plans more effectively than Lenin

Lenin was in the habit of countering revolutionary phrasemongering by imposing common, everyday tasks, thereby emphasising the fact that revolutionary fantasy is opposed to the whole spirit and practice of Leninism. We read in [Lenin's] *The Great Initiative* 'Fewer high falutin phrases, and more simple, everyday deeds. Less political chatter, and more attention to the plain but living facts of communist construction'

The best antidote to revolutionary fantasy is practical work imbued with the American spirit. Such business like, practical endeavour is an unquenchable force, one which recognises no obstacles, one which, by sheer commonsense, thrusts aside everything which might impede progress, one which invariably carries a thing once embarked upon to completion (even though the affair may seem a puny one), one without which any genuine work of construction is impossible. But the practical, businesslike American spirit is liable to degenerate into narrow minded, unprincipled commercialism if it be not allied with revolutionary zeal. Who does not know of cases where narrow minded and unprincipled commercialism has led a so-called bolshevik into devious ways inimical to the revolutionary cause? No one has ridiculed this disease of commercialism more bitinglly than has Lenin. He stigmatises it as "narrow practicalism" as "brainless commercialism". He was wont to contrast it with living revolutionary work, he would emphasise the need for revolutionary vision in all the domains of our everyday work, and would lay especial stress upon the point that commercialism is as opposed to the true spirit of Leninism as is revolutionary fantasy.

A combination of revolutionary zeal with the practical spirit constitutes the essence of Leninism as manifested in Party and in public work



Soviet admiration of American technological management is combined with intense devotion to the Soviet ideology by all levels of leadership and laymen in Russia. Molotov, also a keen student of managerial affairs, put the idea into special Soviet terminology when he advocated in 1934 'a proletarian, industrial, technical intelligentsia', and in 1935, Stalin made the training of cadres of "industrial and technical intelligentsia" a major project of the Soviet Second Five Year Plan.⁶³ The Russian scientific management movement, as Lenin indicated, was identified with Taylor's name even before 1920. Beginning in the 1920's, a Central Council of Scientific Organization

⁶³ Joseph Stalin "The Tasks of the Second Five Year Plan" Report to the Seventeenth Party Congress 1934 *Socialism Victorious* New York: International Publishers p. 408. See Chapter 14.

of Labor, Production, and Administration was established,⁵⁶ and the Soviets also employed German and American engineers in considerable numbers. But during the 1930's and 1940's a tendency prevailed to popularize the Soviet campaign for greater and more efficient production by applying to the movement not the names of outstanding managers like Taylor but rather those of Russian workers or "technicians" like Stakhanov or Matrosov.⁵⁷

Whether Russian leaders fully comprehended the techniques of modern administration and will remain adept in applying the precepts of efficiency is a question which may not be answered for some time. Some of the most serious American critics of the Soviet leadership expressed, during the crisis of World War II, great admiration for the Russian leaders as "capable administrators."⁵⁸ Even before World War II brought an element of allied admiration into American-Soviet relations, American business observers were not universally critical of Soviet management.⁵⁹ Other detached observers who have worked with the Russians have seen much evidence in war and peace of effective administrative practices—within the confines of higher directives, to be sure, but not as completely hamstrung by a centralized bureaucracy or party mechanism as is commonly believed. After one of the more objective and accurate studies available on the subject, Professor Julian Towster, of the University of Chicago, concluded in 1948 that "Soviet managerial personnel consists overwhelmingly of energetic administrators."⁶⁰

5. LATIN-AMERICAN ADMINISTRATION IN TRANSITION

The Latin-American republics are borrowing their newer administrative patterns from the United States and Europe, but they are grafting these upon vestiges of their own cultural past. Administrative developments in Central and South America vary, of course, from country to country, but interesting type-studies and broad generalizations are available:

(a) The traditional Latin-American administrative trait of personal dependence upon a political chief was described in 1945 by Professor William Ebenstein of Princeton University. Although in-

⁵⁶ George Filipetti: *Industrial Management in Transition*. Chicago: Richard D. Irwin, Inc.; 1946, p. 188.

⁵⁷ *USSR Information Bulletin*, February 11, 1948, p. 79.

⁵⁸ *Life*, March 29, 1943, vol. 13, p. 38.

⁵⁹ Arthur Goodfriend: "Communism Runs a Store." *Nation's Business*, July 1937, vol. 25, p. 167, et seq.

⁶⁰ Julian Towster: *Political Power in the USSR, 1917-1947*. New York: Oxford University Press, 1948, p. 397.

terested in comparative European politics Professor Ebenstein has devoted himself to firsthand observation of Mexican administration

(b) An unusually strong development of public administration in a country like Brazil was revealed in 1944 by the studies of Professor Henry Reining. Also a former Princeton political scientist, Professor Reining was at one time Director of the National Institute of Public Affairs, a leading American public service training agency. He joined the staff of the University of Southern California after his war time assignment to Brazil.

These readings present the range of Latin American administrative experience rather than any particular aspects

(a) WILLIAM EBENSTEIN

Public Administration in Mexico ⁶

In preconquest Mexico the Aztec king headed public administration and he was assisted by the nobility, the clergy, and the military class. It is obvious that the subsequent Spanish theory and practice of government, before and after Mexican independence, did not constitute a marked deviation from the preceding Mexican (Indian) pattern. This situation is in contrast with that in English speaking North America, where the gulf between the Indians and the English settlers with their religious and political experience of self rule was so wide as to be practically unbridgeable. In some parts of Mexico where Spanish is neither spoken nor understood and where the social and political institutions of preconquest days are well preserved, the weight of tradition is particularly evident. In such areas personal loyalty to the jefe (chief) of the local group or tribe still constitutes the main administrative vehicle through which political decisions and measures of a central or regional character are transmitted. The more impersonal, standardized procedures and agencies of modern public administration are absent in such communities.

The Mexican civil service legislation distinguishes between workers of confidence (*trabajadores de confianza*) and ordinary workers in public employment. Nowhere is there a clear definition of the public workers of confidence, and the definition that all those employees whose appointment has to be approved by presidential decree are workers of confidence is purely formal. In general, what is called the administrative class in other countries makes up the workers of confidence in the Mexican civil service. It is interesting that while we think of the highest administrative class in this country or in England in terms of the policy framing authority that it possesses in Mexico the element of personal relationship between ministerial and departmental

⁶ William Ebenstein, *Public Administration in Mexico*, *Public Administration Review*, Spring 1945, vol. 5, adapted from pp. 103-107-08, 110. Reprinted by permission.

heads and their immediate subordinates is the decisive criterion in legally defining this top group in the bureaucracy. This is but one of the many ways in which the personal nature of Mexican, as indeed most Latin American, government and administration expresses itself. It reflects surviving elements of the old feudal Spanish order in which personal trust and confidence were the determining factor in governmental relationships.

Political instability throughout the history of Mexico since the achievement of independence has also resulted in the evil of militarism in government and administration. Army men have considered high posts of a political, financial, or diplomatic character as a domain of their own. Only if Mexico continues on the road of stability will the prestige of the generals and colonels decline.

(b) HENRY REINING

Department of Public Service of Brazil⁶²

The high prestige which public administration enjoys in Brazil is quite striking. There is none of the apologetic, hat-in-hand attitude which so often characterizes U. S. A. administrators, especially in the field of personnel management. In Brazil, personnel administration, budgeting, organization and management analysis, and certain material controls are consolidated under the DASP [Departamento Administrativo do Servico Publico].

Closely akin is the missionary zeal with which almost all of the DASP-ians are possessed. To them public administration is not just a job but a mission, in fact, a crusade which will deliver the land from the ignorant and the inefficient. They practice their science, they preach it, they teach it; they even steal for it space in official reports. Again related is the persuasive attitude of DASP officials toward the ministries and the states; witness the establishment of the DA's and the interdepartmental councils. Not for nothing is the term "orientation," often used in division and section titles in the DASP.

At the same time Fiscalizacao [central inspection] is an equally popular designation and denotes the very real power which the DASP wields. The DASP is an excellent example of the integrated system of control. Single-headed with the ancillary activities united under its charge, and implemented by the almost universal requirement of approval of administrative actions by the President of the Republic and by the concomitant obligation that all actions, even the transfer of a charwoman (servente), be published in the *Diario Oficial* or a Ministry's bulletin, the DASP really functions as the right hand of the President, certainly more so than our own Executive Office of the President. Such control

⁶² Henry Reining: "Department of Public Service of Brazil. Report on the Mission to DASP." April 29, 1944, adapted from pp. 17, 45-6.

can of course be murderously restrictive. But thus far the DASP seems to have been more life giving than taking, more interested in making converts to the cause of public administration than in gaining power for its own sake

One should not suppose that Brazil is a totally systematized administrative state or that Mexico is completely jefe ridden. Each of these nations, and indeed most Latin American countries, share something of both elements. Besides, intermediate features of tested vintage in South America appear which may be more conducive to the development of improved standards of public administration than to the persistence of personal dictatorship by political managers. For example, nationalization of resources or enterprises has an interesting history in some Latin American countries, and this condition seems to have been paralleled, if not partly caused, by administrative rationalization. Even in Mexico where personal influence prevails, as described by Ebenstein, natural resources and some national enterprises have been managed since the 1930's under public ownership and control with some administrative advances. In countries farther afield such as Chile,⁶³ similar tendencies are apparent.

Perhaps the outstanding Latin American example of the public administration of productive enterprise will be found in Uruguay. Here, beginning with the administration of President José Batlle in 1903, there has been a steady emphasis upon the acquisition and management of publicly owned and publicly operated corporations in the utility field, in banking and also in the meat industry, which is the staple product of the country. These enterprises have been rendering improved services, frequently at lower costs, and some times at a profit.⁶⁴ Whether this factor is as much testimony to "state management" as to the "managerial state," only closer study can determine. In the course of the evolution of its political economy, Uruguay passed through an experiment with a collegiate form of executive, known as the National Council of Administration. The Council was inspired by Batlle's observation of the exemplary Swiss form of the plural executive. It was especially designed to prevent the recurrence of revolutions which Batlle felt had their chief roots in the personal powers inherent in the Latin American presidency, the jefe tradition.⁶⁵ The Uruguayan Council was abolished in 1938,

⁶³ P. T. Ellsworth, *Chile: An Economy in Transition* (New York: The Macmillan Company, 1945). See also William Ebenstein, *Public Administration in Mexico* (P. 111).

⁶⁴ Simon G. Hanson, *Utopia in Uruguay, Chapters in the Economic History of Uruguay* (New York: Oxford University Press, 1938), p. vi.

⁶⁵ Percy A. Martin, "The Career of José Batlle Ordóñez," *Hispanic American Historical Review*, November 1930, vol. 10, pp. 413-28.

but these oscillations in administrative machinery reflected the Latin-American urge to find more stable forms of executive administration, and were not only an expression of the revolutionary strain as is commonly supposed.⁶⁶ Whether the particular constitutional changes were wise or not, the continuing search for more effective executive devices has helped make it possible for Uruguay to achieve the reputation as "a chief laboratory for social experimentation in the Americas and a focal point of world interest."⁶⁷

6. INTERNATIONAL GOVERNMENT AND SUPER-NATIONAL ADMINISTRATION

The World War II transition from the League of Nations to the United Nations offered an excellent opportunity to the student of administration to weigh the many lessons and studies available in international organization and administration. An insight into the major characteristics and principal problems of international government is offered by the work of:

(a) Donald C. Stone, whose career as an American administrator of national and international affairs has already been presented. His views concerning the transplantability of administrative knowledge to the international field are presented below.

(b) Egon F. Ranshofen-Wertheimer, a German soldier of World War I, a journalist who believed in the future of international government, and later an official of the League of Nations Secretariat for ten years. Anticipating the need for selecting the soundest principles of international organization, the Carnegie Endowment for International Peace employed Ranshofen-Wertheimer soon after America's entrance into World War II as a special consultant and research associate to analyze the League of Nations experience.

(a) DONALD C. STONE

"An Application of Scientific Management Principles to International Administration"⁶⁸

When we consider the problem of governments collaborating through international organizations, we tend to think only in terms of foreign policy and of issues involving conflict among countries. This is,

⁶⁶ Russel H. Fitzgibbon (ed.): "Latin America Looks to the Future." *American Political Science Review*, June 1945, vol. 39, pp. 481-547.

⁶⁷ Hanson: *Utopia in Uruguay*, p. v.

⁶⁸ Donald C. Stone: "An Application of Scientific Management Principles to International Administration." *American Political Science Review*, October 1948, volume 42, selected from pp. 915-17. Reprinted by permission.

of course, natural since these are the questions uppermost in the news. But there is another side to international collaboration. If international organizations are to be successful in dealing with world problems, the policy organs through which negotiations are conducted and the secretariats which handle the administrative work must be properly organized and administered. Successful international administration depends upon efficient organization and management, much like any governmental or private endeavor depends upon them.

The organs of negotiation need special services and other administrative arrangements that are organized under what we know as international secretariats. Unless the secretariat of an international agency is effectively organized and managed, the work of the policy and negotiating organs is impaired and the agency will tend to remain static and unproductive. Conversely, a dynamic secretariat can go far in helping the representative bodies to reach agreement and to assure national implementation. Within the secretariats of international organizations, we encounter all the problems of administrative management found in any national organization, and some others in addition.

Those of us who have worked in the field of administration know that the principles of scientific management are generic in character. That is, they are applicable wherever organized activities are carried on. I have found no support for the contention that international administration is fundamentally different in nature from any other kind of administration. It is always necessary, of course, in transferring administrative experience from smaller to larger enterprises, from one level of government to another, or from one cultural environment to another, to interpret such experience in the light of different conditions. International administrators need more flexibility—more ability to adjust—than do administrators at any other level. They must attempt a synthesis of the best administrative practices and management experience from all world cultures. They must be aware of the administrative contribution that each country can make, and of the fact that nations must recognize something familiar in the structure, staff, and methods of an international organization in order to feel a sense of participation in it.

(b) EGON F. RANSHOFEN WERTHEIMER

*The International Secretariat*⁸⁹

From a technical viewpoint, international administration uses the same media for the dispatch of its business as national administration in the modern sense of the term, meaning those rational processes of organization that have evolved since centralized government and pro-

⁸⁹Egon F. Ranshofen Wertheimer, *The International Secretariat*. Selected from pp. 7-10. Reprinted by permission of Carnegie Endowment for International Peace. Copyright 1945 Carnegie Endowment for International Peace.

fessional civil service emerged in the eighteenth century. Here any analogies we might draw end, however. International and national administration stand in a different relation to their policy-shaping organs. National administration is part of the executive branch of government and is under permanent control of the legislative branch of government. The international Secretariat on the other hand is the only permanent element in international organization. Its policy-shaping organs are not legislatures but diplomatic bodies. There is nothing comparable to the executive branch, to a cabinet or ministers executing the policies of an electorate or a congress as in the case of the American representative system of government, or of the parliament as under the parliamentary régime. The head of the international administration is not comparable to a cabinet minister, and failure to recognize this essential difference in national and international administration must lead, and has frequently led, to erroneous conclusions and unjustified criticism regarding the working of the international Secretariat.

Practically everything that has been said regarding the similarity and difference between national public administration and international public administration applies also to the human element. There are qualities and qualifications peculiar to the civil servant which both must possess. A poor national official is in all likelihood also a poor international administrator. But a good national official will not necessarily make a good international civil servant. The latter must possess nearly all the qualifications needed for the discharge of important public work in a national administration: the same combination of initiative and meticulousness, the same devotion to duty and accuracy of mind, the same synthesis of personal conviction and the faculty of putting individual views aside in order to execute orders. These qualities he must possess to a greater degree than the national official, for his initiative, steadiness, devotion to duty, and personal convictions will be tested more severely than in a similar capacity under a national administration. While the national official of comparative rank must have the rare quality of being able to think, and often to act, contrary to all his political and social instincts, the international administrator must frequently think and act contrary to his national instincts—the most severe test to which a civilized person of the twentieth-century world can be subjected.

Despite the eclipse of the League of Nations, the shock of World War II and its aftermath pointed to the necessity, if not the inevitability, of a supra-national organization. Was this organization to be a multi-lateral international league, an international federation of the United Nations type, or a world government with powers analogous to the national state? Whatever the answer, the essence of this supra-national government, as both Stone and Wertheimer pointed out, would not only be the strength of the organizational

structure but the determination of the international public service to rise above the level of national representation H B Butler, a British administrator in the International Labor Office, recognized this need as early as 1932.⁷⁰ Similarly, C Wilfred Jenks asserted during World War II that the first need of the United Nations was "a Chief Executive who is the recognized spokesman of the World community in the mind of the citizens in every land," and the key problem was "that of building up an adequate administrative class to fill the posts which involve influence upon policy."⁷¹ Other national and international officials have played on the same theme the necessity not only of a sense of world citizenship but also of a responsible international management and world civil service operating at the supra national level.⁷²

The United Nations Charter itself saw fit to strengthen the League of Nations Covenant in this regard by enacting as its famous Article 100 the wording of the League of Nations' oath administered to the Secretary General Article 100 provides "In the performance of their duties the Secretary General and the staff shall not seek or receive instructions from any government or from any other authority external to the Organization They shall refrain from any action which might reflect on their position as international officials responsible only to the Organization Each Member of the United Nations undertakes to respect the exclusively international character of the responsibilities of the Secretary General and the staff and not to seek to influence them in the discharge of their responsibilities"

Considering international administration proper, the danger exists of an adherence to a mixed national pattern rather than a genuine international one For example, experts in American administrative management played a large role in the establishment of both the organization and procedures of the United Nations Secretariat Superior as American administrative practice may appear to most American and even many foreign observers, this has its dangers American terms like "administrative management," "position-classification," or "budget allocation," do not always translate well into Hindustani, Russian, Arabic Americans have to learn to tread lightly in imposing

⁷⁰ H B Butler Some Problems of an International Civil Service *Public Administration* October 1932 vol 10 p 376-387

⁷¹ C Wilfred Jenks Some Problems of an International Civil Service *Public Administration Review* Spring 1943 vol 3 p 95

⁷² Henry A Wallace America's Part in World Reconstruction *Public Administration Review* Winter 1943 vol 3 pp 1-6 Chester Purvis *The International Administration of an International Secretariat* London Royal Institute of International Affairs 1945 Adnan Pelt *Peculiar Characteristics of an International Organization* *Public Administration Review* Spring 1946, vol 6, pp 108-14

their own administrative concepts on the management of international affairs. The Anglo-American idea of executive responsibility for administrative participation in policy-making is new to some of the members of the United Nations. Overemphasis on selected national administrative patterns has already caused considerable comment and some conflict in United Nations affairs.⁷³ The most effective administrative techniques will no doubt be universally adopted one day, but the process cannot be imposed too suddenly by any single large nation.

If the mission of the United Nations can be properly defined under the Charter to cover those world problems beyond the unfinished peace treaties of World War II (the original expectation of the organization), an abundant international experience and a respectable body of international organization exists to support the hope that a distinctive system of world government and an efficient system of supra-national administration can be successfully established. Although the saying is trite, the specialist in administration cannot help but conclude, with reference to the possibility of managing world peace: "Where there's a will, there's a way."

SUMMARY

Whether or not it participates in world government or shares international administrative experience, each nation will continue to shape its own administrative destiny. National leaders may therefore wish to seek lessons in the administrative experience of the foreign countries analyzed here. For example, the British recognition of administrative experts in relation to so-called political amateurs may well be a subject for more serious inquiry by Americans who feel that the United States needs to assign a larger role to expertise in American affairs.⁷⁴ Along with such a recognized status, a greater measure of responsibility on the part of managers and administrators for the broad results of their management as well as the consequences of their individual administrative acts, may be needed in America. Consequently, a skilled public service may not be enough, just as the notion of a non-partisan civil service did not prove broad enough. Perhaps we will be called upon, like the British, to find a formula for a dynamic, yet restrained, expert management, private as well as pub-

⁷³ Rowland Egger: "Road to Gethsemane." *Public Administration Review*, Winter 1946, vol. 6, pp. 71-78.

⁷⁴ A. Lawrence Lowell: "Expert Administrators in Popular Government." *American Political Science Review*, February 1913, vol. 7, p. 45-62.

lic, which will retain its non partisan status without divorcing itself from the social consequences of impartiality. American managers and administrators who have carefully followed the study of foreign administrative experience realize that they may not be able to continue to claim exemption from the responsibility of directing their society toward sound objectives. If anything appears in foreign administrative experience which can help us achieve this responsible goal, we must give more heed to comparative administrative affairs.

A counter tendency exists in America not to heed the managerial experience of foreign countries. Leonard D. White has reported that 'trends in American administration do not seem to have been greatly influenced by foreign experience'.⁷⁵ This tendency has probably been a result of the sentiment that American administration has achieved so large a combination of both democratic or popular government and technologic or expert administration. Unfortunately not only our democrats, but also our technocrats, close their eyes to foreign managerial and administrative experience. Howard Scott, the leader of the technocrats, asserted that "European culture and traditions have nothing of worthwhile importance to offer in solving the operational problems facing America today".⁷⁶ Nevertheless, Wilson insisted in urging Americans to study the Prussian experience. "We should not like to have had Prussia's history for the sake of having Prussia's administrative skill, and Prussia's particular system of administration would quite suffocate us. It is better to be untrained and free than to be servile and systematic. Still there is no denying that it would be better yet to be both free in spirit and proficient in practice. If I see a murderous fellow sharpening a knife cleverly, I can borrow his way of sharpening the knife without borrowing his probable intention to commit murder with it, and so, if I see a monarchist dyed in the wool managing a public bureau well, I can learn his business methods without changing one of my republican spots".⁷⁷ Wilson's formula that 'the cosmopolitan what-to-do must always be commanded by the American how-to-do-it' was apparently such good advice that two generations later Stalin and Lenin, reversing the flow of administrative experience, adapted it as their slogan for Soviet Russia.

Following the stimulus given by Wilson and Taylor to management, American administration began to assume its maturity, and the lessons of comparative administration began to flow from the

⁷⁵ Leonard D. White, *Public Administration: Recent Social Trends in the United States*, New York: McGraw-Hill Book Company, Inc., 1933, p. 1392.

⁷⁶ Scott, *Introduction to Technocracy*, pp. 43-44.

⁷⁷ Wilson, *The Study of Administration*, pp. 207, 220.

United States to other countries. However, most of the foreign adaptation of American experience consisted of the techniques of industrial management, particularly the precepts of scientific management. Taylorism had swept Europe by the end of World War I. Indeed, the European trend seemed to run so far ahead that after World War I a specialist of the League of Nations in economic affairs reported that "it would be easy to exaggerate" the progress of stabilization and rationalization in the United States.⁷⁸ In addition to the deep interest demonstrated in scientific management in Soviet Russia, and the intense program of industrial rationalization practiced in Germany, other European countries seriously devoted themselves to scientific management.⁷⁹ Czechoslovakia had results from the movement in terms of enhanced industrial exports and highly increased efficiency in governmental administration. Similarly, the Polish government was one of the first to invite American efficiency engineers to make a comprehensive survey of its government-owned plants.⁸⁰

From the standpoint of evolving a scientific and useful body of administrative knowledge, considerable value is derived from careful comparative study.⁸¹ It would be scientifically unwise and perhaps nationally unstrategic for Americans to become sanguine and satisfied in the superiority of their system of administration and management. Harrington Emerson, one of the founders of scientific management, complained as early as 1909: "The trouble with the American is that as yet he is provincial, skeptical as to the value of anything outside his own limited experience." Emerson seriously recommended "ascribing to the English the efficiency of wise anticipation and continuous persistence, to the French the efficiency due to their innovations of supreme value and merit, to the Germans the efficiency due to their perfections of organization, discipline, and scientific minuteness, to the Japanese the efficiency due to open-mindedness and marvelous power of assimilation, to the Americans the efficiency due to individuality."⁸²

Nor do the countries analyzed in this chapter possess a monopoly of useful ideas in the realm of administration. Wellsprings of administrative genius are hidden elsewhere. One need name only

⁷⁸ David Houston: *Memorandum on Rationalization in the United States*. Geneva: League of Nations; 1926, p. 4.

⁷⁹ See also L. Urwick: *The Meaning of Rationalization*. London: Nisbet & Co.; 1929. Paul Devinat: *Scientific Management in Europe*.

⁸⁰ Stan Spacek: "Experience in International Cooperation." *Bulletin of the Taylor Society*, February 1927, vol. 12, pp. 316-18.

⁸¹ Robert A. Dahl: "The Science of Public Administration: Three Problems." *Public Administration Review*, Winter 1947, vol. 7, p. 11.

⁸² Harrington Emerson: *Efficiency as a Basis for Operation and Wages*, pp. 47-48.

Sweden, Switzerland, and New Zealand⁸³ to mention three countries with a population no greater than the city of New York which reflect a type of managerial experience and administrative experimentation worthy of more extensive study, and possibly emulation, by larger nations

⁸³ Nils Herlitz, *Sweden: A Modern Democracy on Ancient Foundations*, Minneapolis: The University of Minnesota Press, 1939; Carl J. Friedrich and Taylor Cole, *Responsible Bureaucracy: A Study in the Swiss Civil Service*, Cambridge: Harvard University Press, 1932; Leicester Webb, *Government in New Zealand*, Wellington: Department of Internal Affairs, 1940; Leslie Lipson, *The Politics of Equality*, Chicago: The University of Chicago Press, 1948.

CHAPTER SEVEN

ADMINISTRATION AND BUREAUCRACY

INHERENT in any system of administration are elements of inflexibility, impersonality, and unwieldiness. But these are selected and stereotyped aspects of the concept of bureaucracy. The term has other connotations, more constructive and more scientific as we shall see.

Bureaucracy, as both a problem and a process, is central to administration. So far, we have treated administration as a recognized art or a special discipline, as though it were a separable slice of human existence. Administration is practiced, however, in a broad social setting in which human beings, including both the administrators and the administered, are primarily interested in enjoying a satisfying personal existence. Ordinarily, people have a tendency to resist administrative limitations and regulations, and sometimes they even object to guidance and aid. Unjustified though this reaction may be, it is widespread and is the basis for the continuous attack against bureaucracy.

Bureaucracy will be examined in this chapter under the following headings:

1. The widespread criticism of bureaucracy
2. Origin and extent of bureaucracy
3. Causes and cures of bureaucracy
4. Differences between government bureaucracy and business bureaucracy.
5. Similarities between business bureaucracy and government bureaucracy.
6. Relationship between bureaucracy and liberty

- 7 Types of bureaucrats
- 8 Social role of bureaucracy

1 THE WIDESPREAD CRITICISM OF BUREAUCRACY

For a long time man has scoffed at bureaucracy. Among the classic criticisms of bureaucracy produced during the nineteenth century are (a) Honoré de Balzac's satire *Bureaucracy* written in 1842 and (b) Charles Dickens' novel of social protest, *Little Dorrit* written in 1857.

(a) HONORÉ DE BALZAC

*Bureaucracy or A Civil Service Reformer*¹

Though Napoleon, by subordinating all things and all men to his will, retarded for a time the influence of bureaucracy (that ponderous curtain hung between the service to be done and the man who orders it), it was permanently organized under the constitutional government which was inevitably the friend of all mediocrities, the lover of authentic documents and accounts, and as meddlesome as an old tradeswoman. Delighted to see the various ministers constantly struggling against the four hundred petty minds of the Elected of the Chamber, with their ten or a dozen ambitious and dishonest leaders, the Civil Service officials hastened to make themselves essential to the warfare by adding their quota of assistance under the form of written action; they created a power of inertia and named it Report.

After 1818 everything was discussed, compared and weighed either in speech or writing; public business took a literary form. France went to ruin in spite of this array of documents; dissertations stood in place of action; a million of reports were written every year; bureaucracy was enthroned! Records, statistics, documents, failing which France would have been ruined; circumlocution, without which there could be no advance, increased, multiplied and grew majestic.

(b) CHARLES DICKENS

*Little Dorrit*²

The Circumlocution Office was (as everybody knows without being told) the most important Department under Government. No public business of any kind could possibly be done at any time without the acquiescence of the Circumlocution Office. Its finger was in the largest

¹ Honoré de Balzac, *Bureaucracy or A Civil Service Reformer*, Boston: Roberts Brothers, 1890, selected from Chapter 1. Translated by Katherine Prescott Wormeley.

² Charles Dickens, *Little Dorrit*, Selected from Chapter 10.

public pie, and in the smallest public tart. It was equally impossible to do the plainest right and to undo the plainest wrong, without the express authority of the Circumlocution Office. If another Gunpowder Plot had been discovered half an hour before the lighting of the match, nobody would have been justified in saving the Parliament until there had been half a score of boards, half a bushel of minutes, several sacks of official memoranda, and a family-vault full of ungrammatical correspondence, on the part of the Circumlocution Office.

Whatever was required to be done, the Circumlocution Office was beforehand with all the public departments in the art of perceiving—"HOW NOT TO DO IT." The Circumlocution Office was down upon any ill-advised public servant who was going to do it, or who appeared to be by any surprising accident in remote danger of doing it, with a minute, and a memorandum, and a letter of instructions, that extinguished him. It was this spirit of national efficiency in the Circumlocution Office that had gradually led to its having something to do with everything. Mechanics, natural philosophers, soldiers, petitioners, memorialists, people with grievances, people who wanted to redress grievances, jobbing people, jobbed people, people who couldn't get rewarded for merit, and people who couldn't get punished for demerit, were all indiscriminately tucked up under the foolscap paper of the Circumlocution Office.

There have been other telling attacks on bureaucracy,³ coming from sources which are themselves regarded as highly bureaucratic. Thus, vom Stein, who helped fashion the modern Prussian state in the early 1800's, complained of the "paid, book-learned, disinterested, property-less bureaucrats," who were "a ruin of our dear Fatherland," and who "in rain or shine . . . write in quiet corners in their department, within specially-locked doors."⁴ One might expect since the popular attack on bureaucracy is almost exclusively directed against government, that socialists would hesitate to criticize bureaucracy. On the contrary, Joseph Stalin, regarded as the master bureaucrat of the Communist Party and of the socialist super-state of Soviet Russia, complained in 1930: "The danger is represented not only and not so much by the old bureaucrats derelict in our institutions, as particularly by the new bureaucrats, the Soviet bureaucrats, amongst whom 'Communist' bureaucrats play far from an insignificant role. I have in mind those 'Communists' who try to replace the creative initiative and independent activity of the millions of the working class and peasantry by office instructions and 'decrees,' in the virtue of which they believe as a fetish. The task is to smash

³ See, for example, the satirical play by George Courteline: *Messieurs Les Ronds-du-Cuir* (1893). Also, Herbert Spencer's essay on "Overlegislation." *Essays: Scientific, Political, and Speculative*. New York: D. Appleton Company; 1891, vol. 3, p. 229 et seq.

⁴ See Heinrich vom und zum Stein: *Essay on Administrative Reform*, 1806.

bureaucracy in our institutions and organizations to liquidate bureaucratic habits and customs⁵

Disparagement of bureaucracy and its identification with governmental inefficiency is also a typical pattern of thought in the United States. Although we find increasing opinion to the contrary⁶ still an elementary precept of a large segment of American opinion is that

the handicaps in government management are so great that only a limited degree of excellence is possible of attainment.⁷ Indeed this is a mild statement of the more influential business opinion in the United States. In 1940 an American Primer containing the following precept of the president of one of the country's largest manufacturing concerns was advertised in the *Saturday Evening Post*:

Remember that government belongs to the people, is inherently inefficient, and that its activities should be limited to those which government alone can perform.⁸ Some critics may regard these words lightly, but they reveal the view that has been long entertained by a preponderant majority of influential American business leaders.⁹ Again we find exceptions. Henry S. Dennison, an American business man, explained as early as 1924: "The consideration given by citizens as to the management of their government almost always starts with the comfortable assumptions based only partially upon fact: (1) that private undertakings are efficiently managed, free from internal politics, sudden changes of policy and incompetent officeholding, (2) that governmental departments are full of incompetence and loafers."¹⁰

2 HISTORY AND EXTENT OF BUREAUCRACY

Let us take a wider view of bureaucracy then and look into its extent and origin beyond the realm of government. Considerable

⁵ Joseph Stalin, *Leninism*, vol. 2, p. 373.

⁶ Seba Eldridge and Associates, *Development of Collective Enterprise*, Lawrence University of Kansas Press, 1943, pp. 550-59.

⁷ Oswald Knauth, *Maxims of Management*, *Advanced Management*, April-June 1945, vol. 10, p. 59. With regard to public enterprise see Warren M. Persons, *Government Experimentation in Business*, New York: John Wiley & Sons, Inc., 1934, pp. 233-34.

⁸ *Saturday Evening Post*, September 21, 1940, p. 38.

⁹ Samuel O. Dunn, "The Practical Socialist," *Nation's Business*, November 1928, vol. 16, p. 15.

¹⁰ Henry S. Dennison, "Basic Principles of Personnel Management in Government Economy," *The Annals of the American Academy of Political and Social Science*, 1924, vol. 113, "Competency and Economy in Public Expenditures," p. 328. See also Ralph E. George, "Increased Efficiency as a Result of Increased Governmental Functions," *Ibid.*, 1916, vol. 64, "Public Administration and Partisan Politics," p. 87; John McDiarmid, "Can Government Be Efficient in Business," *Ibid.*, November 1939, vol. 206, "Government Expansion in the Economic Sphere," p. 160.

light is shed on this subject by the authoritative discussion of the English professor, Harold J. Laski, in his contribution to the *Encyclopaedia of the Social Sciences*.

HAROLD J. LASKI

"Bureaucracy"¹¹

Bureaucracy is the term usually applied to a system of government the control of which is so completely in the hands of officials that their power jeopardizes the liberties of ordinary citizens. The characteristics of such a regime are a passion for routine in administration, the sacrifice of flexibility to rule, delay in the making of decisions and a refusal to embark upon experiment. In extreme cases the members of a bureaucracy may become a hereditary caste manipulating government to their own advantage.

Until quite modern times bureaucracy seems to have arisen as a by-product of aristocracy. In the history of the latter a disinclination on the part of the aristocracy for active government has in some cases led to the transfer of power into the hands of permanent officials. In other cases the origin of bureaucracy may be traced to the desire of the crown to have a body of personal servants who may be set off against the appetite of the aristocracy for power. In the latter event the bureaucrats themselves may have developed into an aristocracy, as happened in eighteenth century France. Previous to the nineteenth century bureaucracies have always sought, wherever possible, to become a privileged caste. When they have succeeded they have attempted to obtain for themselves either the same powers as the aristocracy or access to that superior class.

The advent of democratic government in the nineteenth century overthrew in the western world the chance of maintaining a system whereby officials could constitute a permanent and hereditary caste. But for the most part the new conditions which accompanied democracy made bureaucracy possible in a new phase. It was essential to have a body of experts in charge of a particular service. And since democracy implied also publicity, it was important too that there should be a uniform body of precedents.

The tendency accordingly has been a certain suspicion of experimentalism, a benevolence toward the "safe" man. There develops almost insensibly an esprit de corps with canons of conduct, observance of which becomes the test of promotion. Administrative codes grow up and are applied simply from the conservatism of habit. When rules have been long in operation or when they have been made by men of considerable experience it is very difficult to resist their authority. Because they are old

¹¹ Harold J. Laski: "Bureaucracy." *Encyclopaedia of the Social Sciences*, 1937 edition, vol. 2, selected from pp. 70-72. Reprinted by permission of The Macmillan Co. Copyright 1930, The Macmillan Co.

it is held that they embody necessary experience, and officials are not easily persuaded to abandon them. A bureaucracy, moreover, because it is open to public criticism in a democratic state is always anxious to secure a reputation for accuracy. It prides itself on not making mistakes. It insists on seeing questions from every point of view. This results not seldom in a slowness in taking action, a multiplication of paperasserie, in which the negative side of some proposed course of action is easily magnified as against its possible advantages.

Under modern conditions these problems are magnified still further. The scale of the modern state and the vastness of the services it seeks to render make expert administration inevitable. Experts, moreover, naturally tend to push the field they administer to its furthest confines, the appetite for power grows by what it feeds on.

It should be pointed out that these undesirable characteristics of bureaucracy are not in the least confined to the service of the state, they operate wherever there is large scale organization. Trade unions, churches, institutions for social work, great industrial corporations, all these are compelled by the very size of the interests they represent and by their complexity to take on the same habits of bureaucracy. The familiarity of officials with the technical details of their work involves the accretion of power in their hands. It is rarely difficult in a trade union congress for the officials to "steam roller" the delegates into acceptance of policies about which as individuals the majority may be dubious. A great business corporation, as long as it earns a dividend, never has to bother itself about its shareholders. It is the boast of the Roman Catholic church that it has not changed since its foundation, and innovators have always been driven either to schism or submission. Even in a comparatively new state like the Soviet Republic the proceedings of the Communist party are full of accusations of this kind against officials.

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Laski thus admits that bureaucracy prevails in government, but he takes issue with the traditional view that it is a characteristic of government alone.

### 3 THE MAIN CAUSE AND THE MAJOR REMEDY FOR BUREAUCRACY

Another comprehensive analysis of bureaucracy in both government and business was presented by Marshall Dimock. A political scientist by profession, Professor Dimock had ample opportunity to discover the bureaucratic features of both fields. In government, as a result of his service as Associate Commissioner of Immigration and Naturalization in the United States Department of Justice, as Assistant Secretary of Labor, and as wartime Director of the Recruit



ment and Manning Organization of the War Shipping Administration; and in business, as a result of his research concerning public corporations,<sup>12</sup> and his observation of the work of private corporations.<sup>13</sup>

(a) **MARSHALL E. DIMOCK**

"Bureaucracy Self-Examined"<sup>14</sup>

Bureaucracy is the state of society in which institutions overshadow individuals and simple family relationships; a stage of development in which division of labor, specialization, organization, hierarchy, planning, and regimentation of large groups of individuals, either by voluntary or involuntary methods, are the order of the day. There may be a question as to whether individuals prefer such a system or feel that their chances of success and happiness are as good under it as under some simpler system. Let us not deceive ourselves, however, as to the inevitable conjunction between complexity and bureaucracy.

Complexity is the most general underlying cause of bureaucracy, but there are also more specific institutional and administrative causes.

**Size.** There is likely to be a direct relationship between the size of an institution and its bureaucratic tendencies. The larger it becomes the more pronounced is the tendency toward red tape; the smaller the size, the freer it is likely to be of inflexibilities. There are, of course, exceptions to this general hypothesis, because some small ventures are stodgy whereas some much larger ones are responsive.

**Organization.** Organization requires a hierarchical arrangement of functions and persons. Paradoxically, organization releases energies but also rigidifies them. There is in every hierarchy, therefore, the tendency toward inflexibility.

**Specialization.** Specialization tends to restrict and narrow individuals just as hierarchy grooves institutions. Both are necessary and both are efficient for certain social purposes, but both add to the total number of factors producing inflexibility and impersonality.

**Rules and Regulations.** These, like laws, set forth commands and instructions which persons subject to them are forced to follow. The more authoritative pronouncements there are, the more the individual is bound and the greater is the degree of inflexibility. Government by law is the

<sup>12</sup> Marshall E. Dimock: *British Public Utilities and National Development*. London: G. Allen and Unwin; 1933; *Government Operated Enterprises in the Panama Canal*. Chicago: University of Chicago Press; 1934. *Developing American Waterways*. Chicago: University of Chicago Press; 1935.

<sup>13</sup> Marshall E. Dimock and Howard K. Hyde: *Bureaucracy and Trusteeship in Large Corporations*. Report of the Temporary National Economic Committee. Investigation of Concentration of Economic Power, 76th Cong., 3rd Sess., 1940, Monograph No. 11.

<sup>14</sup> Marshall E. Dimock: "Bureaucracy Self-Examined." *Public Administration Review*, Summer 1944, vol. 4, adapted from pp. 198-9. Reprinted by permission. This quotation lists only the first four of twelve "causes" listed by Dimock.

most bureaucratic of all institutions because to a greater extent than other institutions it feels bound by its own rules

Bureaucracy is simply institutionalism written large. It is not some foreign substance which has been infused into the life blood of an institution, it is merely the accentuation of characteristics found in all. It is a matter of degree, of the combination of components, and of the relative emphasis given to them.

(b) MARSHALL E. DIMOCK

*The Executive in Action*<sup>15</sup>

Business institutions characteristically attempt to end up on the black side of the ledger, not in the red, and ordinarily this is equally true of government, schools, hospitals, and churches. Governments attempt to serve the taxpayers who support them, as do all other institutions which derive their support from the public. Any difference is one of emphasis, not of kind. Nothing is wider of the truth than the belief that government exists for service and business for profit. Each is interested in both.

The principal difference among institutions is one of bureaucratic influence, that is, the difference between direct action and cumbersome action, spontaneous service and niggardly service, an integrated mechanism and a lumbering mechanism. But since bureaucracy is not limited to certain types of institutions but is found in all in some degree, even this difference may become unimportant. Bureaucracy thrives particularly when organizations achieve great size and become depersonalized and automatic.

I believe that there is a limit to the size of our institutions beyond which society inevitably pays a heavy price in the form of lowered efficiency and restricted individual opportunities. Call this, if you will, the law of diminishing managerial returns, if we may take a leaf from the economist's book. There is an optimum size in business organizations, government, religious institutions, schools and universities, hospitals, armies and navies, beyond which efficiency suffers and both executives and employees are blighted. The larger the organization the more pronounced the bureaucratic tendency becomes. Where formerly there was discretion now a rule is introduced so that eventually all of life within the institution is regimented. Where face-to-face relationships were once possible an exchange of correspondence becomes necessary and routine. Where subordinates were formerly entrusted with a wide freedom of choice, the number and variety of controls is multiplied. Where at one time the boss knew every one by his first name, under increased size nobody knows anybody and nobody cares.

When this stage is reached, executives must necessarily think in

<sup>15</sup> Marshall E. Dimock, *The Executive in Action*. Selected from pp. 6-7, 258-60, 264. Reprinted by permission of Harper & Brothers. Copyright 1945 Harper & Brothers.

terms of cosmic forces. They have no time to think of those who do the work of the world—these are lost to sight. A billion dollars has no intrinsic significance—it is just a neutral factor like the air one breathes. The executive carrying a monstrous administrative load has no time to reflect on or to appreciate the human and physical materials with which he works because if he were to indulge such luxuries he would be unable to manipulate the grand strategy of his organization. Money, employees, materials—everything with which he works is reduced to the ABC of getting a job done. In concentrating upon his work and saving his own store of nervous energy as he must, he has progressively less time and interest for details and for the people who surround him. Bureaucracy makes people callous. They do not lose interest in their fellow men because they wish it, but because they lack the physical, mental, and spiritual stamina to do otherwise. They were not made to be mere cogs in a machine, but if the machine is to operate efficiently they must behave as though they were.

If the managers of this nation should become aware of what we are up against, they could take vigorous steps to put appropriate correctives into effect. But let us not fool ourselves as to what is possible. We can make a dent on this monster of our own creation but we cannot hope completely to subdue him. For a country that has fostered one of the greatest pioneering populations in the world's history, it is not exactly a bright and promising morrow to which we may look forward.

These large aggregations of individuals which we call institutions are for the most part the creation of the past fifty or one hundred years, so far as Western European and American culture is concerned. From the standpoint of the long historical perspective, therefore, it may be suggested that urbanism and bureaucracy are but a passing interlude between both a past and a future in which relationships are primarily natural and social groupings much smaller in size than at present. May we anticipate a speedy end to our monster and his giant corporations? Do social forces ever reverse themselves? Or are we controlled by an inexorable process which will create an even greater complexity out of that which we already have?

Despite all the knowledge of institutional life, skillful management, and the psychology of interpersonal relationships in complex social situations, which the scholars and executives of this country have acquired and now apply, a standardizing and deadening bureaucracy, cramping and warping the lives of countless individuals, is the price we must expect to pay for large size and its resulting specialization and standardization. We must, therefore, further sharpen our principles and techniques of management if we are not to be completely confounded by the forces we have created. We must understand these forces and learn how to control and guide them. But we must also find the path back to simpler and more natural ways of conducting our collective life if we are to retain the opportunity and the right to experiment and to be different—a privilege our

pioneer ancestors enjoyed because they lived at a time when the country was big but its institutions were still small

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According to Dimock the major cause of bureaucracy is the immensity and unwieldiness of modern government and business while the main cure is devolution and decentralization of administrative power. Dimock reminds us, moreover, of the bureaucratic parallelism of government and industry. This view has long been current in the United States despite the popular credo which restricts big bureaucracy to government.¹⁴ This belief was vigorously stated by Professor Charles Hyneman in 1945: "I prefer to say that bureaucracy is a word for big organization. I don't think we need to argue about how big an organization must be to be called bureaucratic. When it is big enough that you have to make a search to find who is responsible for its policies, or big enough that it has to have its principal policies and procedures written out, or big enough that you think it takes too long for one part to find out what another part proposes to do—in any such case it is big enough to be called a bureaucracy."¹⁷

4 DIFFERENCES BETWEEN GOVERNMENT BUREAUCRACY AND BUSINESS BUREAUCRACY

Admitting that business and government are both bureaucratic giants, most authorities take the view that an intrinsic difference separates them. This position was expressed effectively by (a) Professor Wallace Donham, Dean of the Graduate School of Business Administration at Harvard University, (b) Sir Josiah Stamp, an English businessman and public servant, and (c) Professor Nathan Isaacs, also of Harvard University.

(a) WALLACE B. DONHAM

"Governmental and Business Executives"¹⁸

Dimock makes the generalization that 90 percent of the characteristics of public government executive management are identical with

¹⁴ Moorefield Storey, "The Government of Cities," *Proceedings of the National Civil Service Reform League* 1891, p. 47 et seq.; Clarence A. Dykstra, "Public Administration and Private Business," *Public Management* April 1932, vol. 14, p. 117 et seq.; H. W. Dodds, "Bureaucracy and Representative Government," *The Annals of the American Academy of Political and Social Science* January 1937, vol. 189, "Improved Personnel in Government Service," p. 165 et seq.; Harvey Pinney, "Administration Incorporated," *Social Forces* March 1941, vol. 19, pp. 402-09; Paul H. Appleby, "Big Democracy," New York: Alfred A. Knopf, 1945, p. 53.

¹⁷ Charles Hyneman, "Bureaucracy and the Democratic System," *Louisiana Law Review* December 1945, vol. 6, p. 310.

¹⁸ Wallace B. Donham, "Governmental and Business Executives," *Public Administration Review*, Spring 1946, volume 6, page 176. Reprinted by permission.

those of private executive management. In spite of large areas of similarity, I strongly dissent. I would place the percentage very much lower—whether 30 per cent or 50 per cent lower, I shall not attempt to say.

I find from experience both with government agencies and with private business that there are striking differences. One of those differences is that, in government, there is more continuity and definition in the mandate. The limits of action are often clearly defined, in many cases by Congress. No such situation exists in large private business. Dimock says bureaucracies are related, for example, to size. Yet he points out some bearings on bureaucracies of the inadequacies in our federal civil service system and the conflict of loyalties which arises out of it. This, he states, he succeeded in overcoming. I have had contact with several war agencies made up mainly of businessmen. These men rapidly took on bureaucratic characteristics radically different from their own behavior in private life. The only close parallels I find in the areas of private business to the deadening effects of the present civil service are, on the one hand, what one of my old labor leaders used to call the "sonority" system and, on the other, the very real problems faced by management in dealing with labor which arise immediately out of the prolonged governmental support for organized labor—which is in my judgment bad for labor.

To me, there are multifarious forces at work in government departments which are different from those in private business; the responsibility to and necessary interference of Congress, the responsibility to the President, to defined over-all controls, have little parallel in private business. The power politics of government departments are radically different from the power politics of private companies. The existence of pipe lines into Congress strengthens the bureaucracy against the chief executive of the particular subdivision of government. It may strengthen it against the President of the United States or Congress itself. Dimock himself points out how easily government bureaucracies develop organized opposition to policies involving change. This opposition may in substance, though not in form, sabotage all change which appears to threaten the security of the bureaucracy. Power politics, of course, exists in large private companies; but the urge to expand functions and simultaneously to defend what exists seems to me radically less in the case of well-run, large, private industry than in the case of big departments of the government. The quantitative difference becomes a qualitative change.

(b) JOSIAH C. STAMP

"The Contrast Between the Administration of Business and Public Affairs"¹⁹

If you will look into the functions of Government, you will see that as you get down to the people who are in contact with the public on

¹⁹ Josiah C. Stamp: "The Contrast Between the Administration of Business and Public Affairs." *Journal of Public Administration*, 1923, volume 1, selected from pp. 160, 162, 164-65, 168-70. Reprinted by permission.

the particular function in question, their discretion is finely limited. The legislature can discriminate in its wisdom, or its un wisdom, between classes, but the administration cannot. Any discretion it has at all has to be exercised as a distinction between cases evenly and smoothly over all classes. Thus you have running down from the top to the bottom this obligation to uniformity or principle of consistency. Now what about the ordinary business, is there any such obligation resting upon business administration? Well, except for businesses whose goodwill depends upon the maintenance of an exact absolute standard, there is no compulsion upon a business firm to render service except along the lines of least resistance. It has not to bother about that consistency at all. The business man will consider what the "traffic will bear" for a given price. He can be quite inconsistent.

I have dwelt mainly on the principle of consistency. But I should like to deal also with two or three more absolutely differential characteristics. The second one is extraordinary financial control. From a constitutional point of view, this is a control by one authority over other State authorities, the principle of finance we know as the Treasury control. What we call Treasury control has a certain cramping influence upon Government departments which is not experienced in business. There is no possibility of a Government department experimenting, shall we say "going off the deep end," in anything requiring monetary expenditure, in the same way as the business can. This differentiates sharply between the two tasks of administration.

The third is the economic principle of the "marginal return." The business, as every student of economics knows, pushes its expenditure along a particular line as far as it is profitable to do it. It will say "So long as I can spend a pound along that particular line and get a return of 30s, it will do, but if that return is only 18s it is time to stop," and the margin of return along the different lines of expenditure is the unseen but effective governing principle of business transactions. But that is not the principle of Government, it can never be. As a broad principle the marginal return is the principle of business.

The fourth is the principle of ministerial responsibility. It is so well known that the least act of the most humble servant of the Government can conceivably become a momentous political issue in the House of Commons the next day! Everybody in the Government department is supposed to have done every act in the sight of the supreme authority. That is a little highly coloured, perhaps, but the fact remains that with the principle of Ministerial responsibility there is the necessity for the Minister to apologize for or to justify the acts of his department, and that fact must have, and does have, an extraordinary influence upon the personnel and whole character of administration. There is nothing at all analogous to that in business.

(c) NATHAN ISAACS

"The Logic of Public and Private Administration"²⁰

Of course, power, the goal of the politician, is comparable to profits, the aim of the businessman; that is to say, the two types of considerations have points of likeness as well as points of difference. Among the points of likeness may be mentioned the necessity of understanding one's clientele or constituency and particularly of realizing that their responses are not necessarily logical—in fact, that they may be predominantly non-logical.

The resemblance between public and private administration goes even deeper. In carrying on the business of the state, the public administrator has exactly the same basic problems as beset the private administrator: bringing together personnel, materials, and finance and keeping them in operation to the accomplishment of prescribed ends. That he cannot improvise a huge and effective civil service for vast undertakings should be as obvious as that an army cannot be raised by the stamping of a foot.

In the acquisition of materials, likewise, public business encounters the difficulties of private business. Of course, the government has greater buying power than even the greatest of private businesses. It can ignore the profit motive; it can set out its own terms; it can exercise the power of eminent domain; it can inspect and object to its heart's content; no *laches* or statute of limitations or admission runs against it; and in the last analysis it can repudiate its contracts. Still the government sometimes has difficulty in getting bids or in competing with private business, or in finding a ready supply of what it needs in any market that is open to it. To get things done it adopts business methods, and it finds them limited.

With all these likenesses, there are still some major points of difference, a few of which cut so deeply into problems as to suggest different modes of thinking.

As Professor Isaacs suggests, there are "different modes of thinking" in business and in government; as indicated by Stamp, these differences may be related to the factors of administrative consistency, financial control, marginal return, and public responsibility; and in accordance with Donham's analysis, these dissimilarities may be looked upon as "quantitatively" great enough to constitute a "qualitative" difference. In the field of public administration Professor John Gaus of the Harvard Graduate School of Public Administration also regarded government activities as "different from that of private organizations almost in kind as well as in scope."²¹ Professor Paul

²⁰ Nathan Isaacs: "The Logic of Public and Private Administration." M. P. McNair and H. T. Lewis (eds.): *Business and Modern Society*. Adapted from pp. 67–69. Reprinted by permission of Harvard University Press. Copyright, 1938, Harvard University Press.

²¹ John Gaus: "A Quarter Century of Public Administration." *Advanced Management*. October–December 1940, vol. 5, pp. 177–8.

Appleby pointed to the distinguishing element of 'suspicious scrutiny by the public'.²² More usual among American political scientists specializing in the field of public administration is the tendency to distinguish between the 'profit' motive, which they attribute to business,²³ while assigning the "service" motive to government.²⁴

Can we, however, establish an intrinsic and incontrovertible difference between business and government from the standpoint of the issue of bureaucracy? L. Urwick, a British specialist in business affairs, was dubious. "It remains to be seen," he stated, "how far the special weaknesses to which public enterprises are proverbially subject, 'red tape,' inter departmental tribal warfare, inertia, refusal to take responsibility, bureaucracy, are really due to the absence of the money making incentive."²⁵ In order to fasten the charge of bureaucracy upon government, we must be sure that the bureaucratic differences between government and business are greater than those existing between various kinds of businesses or various kinds of governments. May there not be more similarities between big business and big government than there are, let us say, between a heavy industry manufacturing firm and a department store, or between the Tennessee Valley Authority and the State Department?

Professor Dimock is not alone in answering this question affirmatively. Henry S. Dennison also denied, twenty years previously, that the main differentiation was between government and private business. Dennison asserted: "Men who have had a fair chance to study both private and public activities, and who have open minds to make the proper analyses and scientific comparisons, usually discover that the differences between the large organization and a small one is much greater than the differences between a governmental organization and one under private control, and that between government and private enterprises of comparable management and nature there are more significant resemblances than differences."²⁶

5 SIMILARITIES BETWEEN BUSINESS AND GOVERNMENT BUREAUCRACY

One of the leading exponents of the analogous position of business bureaucracy and government bureaucracy has been Harold D.

²² Paul Appleby, *Administration in Big Business*, *Public Administration Review*, Summer 1945, vol. 5, p. 257.

²³ Harvey Walker, *Public Administration in the United States*, New York: Farrar & Rinehart Inc., 1937, p. 10.

²⁴ John A. Vieg, *Democracy and Bureaucracy*, *Public Administration Review*, Summer 1944, vol. 4, p. 250.

²⁵ L. Urwick, *Management of Tomorrow*, London: Nisbet and Co., 1933, p. 161.

²⁶ Henry S. Dennison, *Basic Principles of Personnel Management in Government Economy*, pp. 318-9.

Smith. As wartime Director of the Budget in the United States, Smith carried a heavy part of the responsibility for integrating the activities of governmental administration and industrial management. It was his task not only to control the flow of the national dollar toward this end, but also to maintain an adequate system of administrative management on an unprecedented scale in both civil and military agencies.²⁷ Smith was, therefore, in a strategic position as the war reached its end to comment on the questions of comparative bureaucracy which we have discussed.

HAROLD D. SMITH

The Management of Your Government²⁸

The prevailing criticism pictures bureaucracy as paralyzed by inertia, bound by unnecessary procedural restrictions, and lacking in imagination. On the other hand, there is a mounting criticism that the administrator is aggressive, overambitious, all too eager to seize responsibilities. In short, we are told that instead of being submerged in apathy and dullness—the common accusation of the past—management now has risen to such heights that it seeks a position of power which menaces democratic society.

All the combined operations of government add up to by far the largest business in the world. In its operations, government faces the same problems as does any other business. It has suffered from like shortages of man power and raw materials. It faces the same difficulties of organization and system. In this connection I recall a recent public remark of a leading businessman who served for a time as a high government official. In discussing red tape in government he said, in effect, "We have the same thing in business, only in business we call it 'system.'" Of course, the larger and more complex the business, the more system is required.

The war tested the skills of both public and private management as they had never been tested before. Everyone is familiar with the success of private management in meeting the demands made upon it. Governmental management certainly has met the challenge equally well, far more ably than many people would believe. Perhaps in government we had farther to go to begin with, but a strong case can be made that in recent years government has progressed more rapidly in management than has business. Already business can profit greatly from the experience of government in this field. Private managers do not often recognize this important fact. However, if government continues its present rate of progress, business before long will realize that it can learn from government many valuable lessons in large-scale management.

²⁷ See chap. 5, above.

²⁸ Harold D. Smith: *The Management of Your Government*. Adapted from pp. 5, 8-9, 25-26, 31-32, 146-47. Reprinted by permission of McGraw-Hill Book Company, Inc. Copyright, 1945, McGraw-Hill Book Company, Inc.

One reason for this is that the vastness of governmental undertakings provides a ground for experimentation in all sorts of management techniques. Government is so huge and so complex that the problems it presents to management are different in both size and nature from those confronting private management. In effect, government provides a tremendous laboratory in which many variables can and must be tested to a degree impossible in private industry.

Such differences as exist between public and private management have been thrown into bold relief by the transfer of great numbers of business managers to posts as public administrators. Probably the most difficult problem in this transfer of management skills has not been in connection with management narrowly considered. The techniques are largely the same and are applicable in both fields.

The real difficulty is that private managers must greatly readjust their thinking to understand the more complex objectives of public management. This complexity arises largely from the fact that whatever the public manager does bears directly or indirectly upon everyone in the nation.

Public Administration has profited greatly from the services of private managers. Yet, in all frankness, there have been striking failures as well as conspicuous successes. In some instances, private managers upon whom the greatest hopes had been placed proved very unsuccessful in public management because they failed to adapt their thinking to the complex factors in government. In other instances, private managers of lesser note were able to adapt themselves with greater effectiveness to the needs of public administration. No doubt the same disparity of achievement has been noted in the transfer of governmental administrators to industry.

The manager has a key place in the scheme of large scale organization, whether it be business or government. It is the manager who takes the products of the scientist's research, fits them into new patterns, and then produces articles so cheaply and plentifully that more lives are enriched. It is the manager who takes over after the engineer has harnessed the power of the waterfall and who directs the supply of electricity to hundreds of homes never served before. In government, as in industry, the men who do the planning and the organizing and the guiding are essential cogs in the complicated mechanism of modern civilization, cogs that mesh the gears of production to the drive shaft of human wants and needs.

Smith agreed with Dimock and Laski as to the common characteristics of government and business bureaucracy, but he made a stronger point than Laski about the greater opportunity for experimentation in government. It has generally been assumed that in contrast to the situation in government, "in business, because it is

free, there is an opportunity for experiment.”²⁹ Smith was joined by other public servants like Morris L. Cooke in his views about the great capacity of government for experimentation.³⁰

6. BUREAUCRACY AND LIBERTY

Even in its most constructive aspects, however, bureaucracy is widely suspected of consuming our liberties. It is quite conceivable, therefore, that in spite of its inevitability, bureaucracy in any form may be inimical to the preservation of freedom. These relationships between bureaucracy and liberty are described below by: (a) Ramsay Muir, British political scientist, writing in 1910, and (b) Charles Merriam, American political scientist, writing in 1945.

(a) RAMSAY MUIR

“Bureaucracy in England”³¹

Both the word bureaucracy and the thing have an evil savour in the nostrils of most Englishmen. The word, a horrid hybrid of French and Greek, deserves everything that can be said against it. As for the thing, the average intelligent Englishman, without troubling to analyse it very carefully, instinctively dislikes and despises it. He thinks it essentially “un-English.” He associates it with the rule of red tape, with the intolerable insolence of the jack-in-office, with all sorts of pedantic invasions of the freedom of action of the individual. He believes that it is to be seen in its logical development in Russia, in the cold-blooded formalism of the second-rate intelligences that submit to be the agents of despotism. He resents with almost equal intensity the forms which it assumes in Germany, where he has a vision of an inhumanly overeducated and priggish set of officials meddling in every detail of private life—a whole nation for ever suffering the discomforts of the parade-ground. He finds it rampant even under the democratic government of France. That pleasant land seems to him to bristle with petty officials, who behave as if they were the masters, and not the servants, of the public. He is willing to admit that a certain dreary efficiency may in some fields be produced by bureaucracy; but he believes it to be essentially hostile to the English idea of liberty, and at the sacrifice of that even the highest efficiency would be too dearly purchased.

²⁹ L. Urwick: “Scientific Principles and Organization.” American Management Association, Management Series No. 19, 1938.

³⁰ See Chapter 16, sec. 4.

³¹ Ramsay Muir: “Bureaucracy in England.” *Peers and Bureaucrats*. Selected from pp. 3-4, 6-7. Reprinted by permission of Constable and Co. Copyright, 1910, Constable and Co.

Our average Englishman does not, perhaps, put the issue as clearly as this to his own mind. But he instinctively feels that bureaucracy is a more real antithesis to liberty than either monarchy or aristocracy. That is the ultimate reason for his contentment with our habit of "muddling through." He does not like muddling in itself, but he vaguely feels that muddling is the price we have to pay for our freedom from dragoonism and it comforts him to think that in the end we do muddle through—that in the long run liberty works. This instinct, again, forms the real ground of the average Englishman's hostility to anything that calls itself Socialism. He has no genuine prejudice against state action or municipal action in themselves, he is quite ready to consider on their merits schemes for municipal tramways or municipal milk, national telephone service or national forests. But tell him that the results of any set of proposals will be to let loose upon him a horde of officials prying into his private concerns, and his alarm is at once aroused. In short, just when the Englishman is becoming most passionately alarmed about the danger of bureaucracy, he is also becoming in practice more and more dependent on bureaucracy.

(b) CHARLES E. MERRIAM

*Systematic Politics*²²

'Bureaucracy' is a term of ambiguous meaning. At times it is used to describe an administrative system in much the same sense as the term "public administration" might be employed. At other times it is a smear word used to calumniate political opponents—the protest of the outs against the ins. At other times it is employed to indicate opposition to a particular public policy which is being administered. At other times 'bureaucracy' is used to designate an undesirable type of administration. Bureaucracy may also be a type of occupational disease, a standard problem arising in almost any form of organization—poor organization, poor delegation, and poor supervision, unsound personnel policies, low morale, deadwood—the types of malaise which skilled probers diagnose and for which they prescribe without great technical difficulty.

Bureaucracy is sometimes attacked, however, not because of the quality of the administrators but by reason of the policy administered. For example, tax administrators may be assailed as such when the real object of criticism is the particular tax which is being applied. Or regulatory administration may be assailed when the basic assault is upon the policy itself. This led a prominent citizen of the United States to declare on one occasion that the "best government is the worst," meaning that the more

²² Charles E. Merriam, *Systematic Politics*. Adapted from pp. 165-66, 171. Reprinted by permission of The University of Chicago Press. Copyright, 1945, The University of Chicago Press.

efficient the regulators, the worse the system if based upon an undesirable type of policy.

It cannot escape the notice of any careful observer that much of the controversy over bureaucracy turns upon general theories of the scope of governmental activity and especially the range of governmental action in relation to industry. For those who wish to restrict the policy of government in any field, every case of administrative breakdown or weakness is an argument against the extension of governmental powers, and especially so if the action is regulatory of any wide range of activity. Reasoning that collectivism can function only with sound administration, opposition may be made to the growth of such public administration. On these premises there can, of course, be no serious discussion of bureaucracy, since it is bad if it is good, and the better the worse.

It should be said, however, that this is not the characteristic attitude of communities generally but only of special groups, who may fail to realize the meaning of government for the affairs of life.

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Considering bureaucracy as virtually synonymous with government, Muir, as contrasted with Merriam, leaned toward the invidious connotation of the term. Regardless of the development of socialist sentiment in Britain since his time, Muir's concept, rather than the scientific implications of bureaucracy, pervades English thought. In the United States, too, despite a growing confidence in governmental institutions, it continues to be "part of our folklore to identify the development of bureaucracy with the diminution of individual freedom."<sup>33</sup> Even during the New Deal, however essential aggressive governmental administration proved to be in this period of relief, recovery, and reform, the fear persisted that bureaucracy would destroy liberty. This combination of public administration and bureaucracy was conveniently dubbed by Professor Guy Claire, *administocracy*, "a vast bureaucracy ruling the country by rules and regulations, having the effect of law, yet not passed by Congress." Professor Claire added: "Widespread fear exists that powers given the executive will not be turned back to Congress and that the ancient liberties of the people have been lost."<sup>34</sup> The necessary wartime continuance of *administocracy* encountered some reaction and reversal in the post-war period, but Americans approached the middle of the twentieth century with the paradox of combining a growing trust in government with a persistent mistrust of bureaucracy.

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<sup>33</sup> Reinhard Bendix: "Bureaucracy and the Problem of Power." *Public Administration Review*, Summer 1945, vol. 5, p. 194. See also J. M. Juran: *Bureaucracy, A Challenge to Better Management*. New York: Harper & Brothers; 1944; p. ix.

<sup>34</sup> Guy S. Claire: *Administocracy*. New York: The Macmillan Company; 1934, p. v.

While the view continued to be widespread that governmental administration was inimical to personal liberty and private business, the weight of American sentiment among historians and social scientists was different. Indeed, it was commonly preached in the United States that large-scale business tended to destroy liberty and that only government could save both. The halcyon days of political graft may have experienced equal condemnation, but there was nothing in the critique of government to match the epithets applied to business in the quotations currently included in many American textbooks: "plundering," "merciless," "unprincipled," "extortionate," "cruel," "greedy," "invisible and intolerable power," "detrimental to the public prosperity, corrupting in [its] management, and dangerous to republican institutions."<sup>25</sup>

As for the irresponsibilities attributed to government bureaucracy, scholars like Professor Merriam undertook to expose the reason, if not the ruse, of those who circulated disparaging criticisms of government. As Merriam indicated, those who attacked government bureaucrats most vigorously and demanded "more business in government" were for the most part business bureaucrats whose real interest was to see that there was "less government in business." Although the sentiment appeared among some businessmen that "what's good for government is good for business,"<sup>26</sup> American business leaders went so far as to announce that "the best public servant is the worst one." The president of a large American concern to whom this view was attributed was also quoted in the journal of the United States Chamber of Commerce as saying: "A thoroughly first-rate man in public service is corrosive. He eats holes in our liberties. The better he is and the longer he stays, the greater the danger. If he is an enthusiast—a bright-eyed madman who is frantic to make this the finest government in the world—the black plague is a house pet by comparison."<sup>27</sup>

This remark was written before the depression of the late 1920's, but the attack on government was resumed as the New Deal ran its course in the 1930's; and in the 1940's, in anticipation of the post-war recovery, the attack became even more intensive though less invective. Economists like Friedrich Hayek and Ludwig von Mises contributed to the battle and their works were widely distributed.<sup>28</sup> Von Mises

<sup>25</sup> Stanley Pargellis "The Judgment of History on American Business." A New comen Address, 1943, pp. 9-11. "Business Can't Escape History." *Nation's Business*, May 1944, vol. 32, pp. 25-26

<sup>26</sup> See also M. S. Munson "Saving a City Is Good Business" *Nation's Business*, March 1941, vol. 29, pp. 35-36, 48

<sup>27</sup> Homer Ferguson "A Plea for Inefficiency in Government" *Nation's Business*, November 1928, vol. 16, p. 20

<sup>28</sup> For Hayek's position with regard to governmental planning, see Chapter 16.

admitted that "bureaucrat, bureaucratic and bureaucracy are clearly invectives," but he reiterated the doctrine that government was by definition bureaucratic, whereas "no profit-seeking enterprise, no matter how large, is liable to become bureaucratic provided the hands of its management are not tied by government interference." Von Mises thereupon arrived at the following ingenious definition of bureaucracy: "Bureaucratic management is the method applied in the conduct of administrative offices, the result of which has no cash value on the market."<sup>39</sup> If this definition were accepted, there would be no end to the charge that bureaucracy is synonymous with government and antithetical to liberty, especially since the twentieth century state had committed itself more than ever to governmental control, or to public enterprise, which rejects "cash value on the market" and marginal return as the exclusive measure of value.

A balanced summary of the controversy was presented by the sociologist, Reinhard Bendix: "The popular identification of bureaucracy with oppression cannot be taken lightly, since the extension of governmental functions has frequently curbed and sometimes obliterated freedom of the individual. Yet, there is also much evidence to show that it has furthered the cause of freedom; and the great critics of 'governmental interference' have often overlooked the latter point."<sup>40</sup>

## 7. TWO TYPES OF BUREAUCRATS

If "the curse of bigness," which American reformers like Louis Brandeis charged against business, has now assailed government,<sup>41</sup> what difference does it make whether we are ruled by government bureaucrats or business bureaucrats? Are they not impelled by similar personal desires and guided by essentially the same social ideas? May it not be true that the "economic royalists" of the American plutocracy are matched by the "royal economists" of the American administocracy? Some light is thrown on this question by a portrait of (a) an American cabinet member, J. A. Krug, Secretary of the Interior during the administration of President Truman, and (b) an anonymous American business magnate of the same period.

<sup>39</sup> Ludwig von Mises: *Bureaucracy*. New Haven: Yale University Press; 1944, pp. 1,

12, 47.

<sup>40</sup> Reinhard Bendix: "Bureaucracy and the Problem of Power." *Public Administration Review*, Summer 1945, vol. 5, p. 194.

<sup>41</sup> Leverett S. Lyon, M. W. Watkins, and Victor Abramson: *Government and Economic Life*. Washington: Brookings Institution, 1939-40, vol. 1, p. 490.

(a) J A KRUG

**"Why I Work for the Government"**<sup>42</sup>

I'll always remember the reaction of some of my friends to the White House announcement that I had accepted a new government job as Secretary of the Interior. Wires and phone calls poured in. Many of them said the same thing: Not just Congratulations! but 'Haven't you wasted enough years as a bureaucrat? Here you are with offers of jobs paying lots more than a cabinet-officer salary and you turn them all down to return to the government. Why?

Nobody is likely to get rich on government wages—but I certainly can live on it. And what's more important, I have yet to see the salary which could buy the satisfaction I've had from being one of the hired hands of the people of the United States.

Thus is the time Americans must think hard about their government and the people who run it. We fought a war to preserve our democracy, but there are problems ahead. If we're to solve them, we must have a government made up of the best brains, ability and character obtainable. We must have in government, as we have in private industry, the energy and efficiency which has made America the envy of the world.

Let me say one thing right at the beginning. I'm no visionary or reformer. I think I am just as practical as any bank vice-president or businessman you ever ran across. Neither am I unusual in my view of public service. I know many people who agree with me practically all the way. Men like Dave Lilienthal, head of the TVA, and Jim Forrestal, Secretary of the Navy. And most of the men and women who left their jobs in private industry to come down to Washington to help out during the war.

Every day I get at least one wistful letter or phone call from somebody who, with peace, has gone back to a factory or bank or office. Usually, it's somebody who originally had nothing but contempt for what's called the bureaucratic mind and whose only previous experience with government had been filling out an income tax blank. But now he's missing something. He doesn't know quite what it is. I think I do. And it's the reason I'm still a bureaucrat.

I can tell him what he's missing: it's that feeling of satisfaction which a \$100,000 salary in private industry couldn't buy for me. And which I now have because I'm in public service—the most direct way of doing something that contributes to human welfare. For most of us, there are three things which can attract us to a job. One is the feeling that the job is worth doing. Another is providing security for our family and ourselves. The third is the desire to accumulate wealth. The first two com-

<sup>42</sup> J A Krug, *Why I Work for the Government*. *This Week Magazine*, July 14, 1946, selected from pp. 4-5-9. Reprinted by permission of Mr. Jerry Mason from *This Week Magazine*. Copyright 1946 by the United Newspapers Magazine Corporation.



bined are the motives which fit the majority of us. And there are plenty of people I know in private industry who say: "We are interested in our work because we too feel that we are doing something for the people. If we work for a good railroad or make a good automobile or a good airplane, we are doing something for the people—and it's something important."

That's true. I just happen to think the satisfaction of public service is greater and more direct.

I first became a "bureaucrat" almost 15 years ago. And if any of you feel that you should check me off by saying, "Who wouldn't be a public servant if he could be a member of the Cabinet?" forget about it. For years—beginning when I was 23—I enjoyed work in government which nobody but my colleagues ever heard about. And I would still enjoy working out if the spotlight of circumstances hadn't made me chairman of the War Production Board and, ultimately, Secretary of the Interior.

I feel that now is the time for straight talk about public servants. Our government is so important to us that we must draw into its service the highest talents and greatest gifts that our people have to offer.

This last idea, incidentally, is the one that makes so much sense to the men who stay on in government even though they could earn more in private industry. My friends in TVA are good examples. In the old days, the talk was that its fine staff was a phenomenon of the depression. It was said that good people were attracted because they couldn't find other jobs. Just wait and see, they said. When there are plenty of jobs again the whole staff will fall apart.

But that never did happen. Most of the good men and women are still there. They're all underpaid. But because they have had a part in the very great adventure of building something as magnificent and workable as TVA, of satisfying every man's urge to create something of lasting value and importance, they have stayed on, even though almost all of them could get two or three times the salary the government pays them. I know of some TVA engineers who left to take much higher-paying jobs. Later they returned and asked for their old jobs back. They missed the satisfaction they got in having a part in an important project for the public service.

Public service, working for the people in their government, hasn't been appreciated nearly enough. Government is only the instrument of our democratic system. There's been too much sneering talk about "bureaucrats."

### (b) "What Makes the Boss Work"<sup>43</sup>

What makes the Boss work? Is it lust for money? The new office boy thinks it is. He has seen the boss's richly furnished office, trod upon

<sup>43</sup> "What Makes the Boss Work?" *Fortune*, April 1948, vol. 37, adapted from pp. 104-05. Reprinted by permission.

the soft pile of its carpet, sniffed the wafted fragrance of the boss's perfume. The boss works because he gets \$350,000 a year plus a bonus just as big or bigger. He gets a lot of stock slipped him under the desk, too. He has some deal about everything's being in his wife's name so that what he pays the government he doesn't even feel. Who wouldn't work, pulling down that kind of dough? The office boy regards the boss with pure low grade envy.

When the boss contemplates the office boy, the emotion is once again envy. He must pay the little stinker \$27.50 per week, in return for which he gets nothing whatsoever, so that by the boss's mathematics, the office boy's compensation is infinite. The boss has a tendency to turn purple when confronted with an unusually convincing example of this, for he remembers his own days as a young clerk, forty years ago, when old Philander Wortis paid him \$4 a week (six days of ten hours each), docked him his pay for the week's vacation permitted, and gave him an extra dollar at Christmas. For these rewards the boss was a happy and devoted servant of industry. On them, he saved money, supported his mother, and married for love.

Miss Blick, the boss's secretary, has a different view as to why the boss works. She keeps his books. He gets \$65,000 a year, minus withholding tax, minus his contribution to the company's complex annuity and pension plan (which he helped devise), minus various other items deducted by the payroll department with the electronic impartiality of International Business Machines' computers. A little after the first of every year a lot of the boss's close associates get fat looking checks for their participation in the company's profit sharing plan—something carefully worked out by the boss and his lawyers before the war, but in which neither the boss nor his board chairman participates—because it wouldn't 'look good'. So, there are three vice presidents in the company who actually get more money than the boss does, and if you really want to know how that affects him, it burns him to a crisp. Not that it really matters, income wise. It takes Miss Blick about four days a month to keep the boss's personal books straight, they include some income from dividends, but the boss has too much of his own stock, and it wouldn't 'look good' if he sold any sizable fraction. Once a year Miss Blick has a heavy struggle with the boss's personal income tax accountant and from this she emerges with the faintly stunned realization that the boss works for the same reason she does: he has to. The decimal points in all the boss's accounts are one or two places to the right of anything in her own check book, but still the startling fact remains: fiscally speaking, the boss is slowly going down the drain. The 75 per cent surtax bracket, plus everything else, is too much for him.

The boss chose a bad time to be born, as he looks at things now. When he opened his infant eyes, in 1888, the young U. S. Republic was at last recovering from the wounds of its Civil War, and new ideas were blooming everywhere. The great trunk line railroads were established, and

reticules of shorter lines were lacing the country. By the time he was fifteen, electric light, power, and traction were changing the habits of work, the capacities of industry, and the shape of cities. The automobile was still a joke—but not to a man named Ford. Fifty feet of film could run through a kinetoscope before it broke or caught fire, and there were clearly some entertainment possibilities in it. Tom Edison's talking machine had progressed from workshop to market. Enterprises were consolidating—look at the colossus of Big Steel now, put together by J. Pierpont Morgan, a man of vision, in 1901. Hope was everywhere in America; the future was bright and a young man of talent could seek a thousand paths to a richly rewarded future.

So the boss was wide-eyed with hope as he went through the days of his late adolescence. His father could be heard cursing That Man Roosevelt (Theodore, a Republican) during the trust-busting era, but the boss himself was only twenty when Taft thrashed Bryan and the nation was secure again. Unlike his father, he was not conscious that the shadows were darkening on the spacious lawns in 1912, when a Democrat was elected President. When the Sixty-third Congress promptly made good on the Democratic promises of a Federal Reserve System and the Personal Income Tax, the boss's father had a stroke, following a heavy dinner. He died in 1914, two weeks after World War I began. "This country will never get drawn in," he said on one of his last coherent days.

The boss was twenty-six then and making \$22.50 a week, on which a man could marry. It was devastating to his young wife that he should leave her and two children to go to the wars only three years after marriage, but early in 1919 he was back unscathed. He was just the type for the newly created job of Assistant to the President of his now rapidly expanding firm, and there he was at age thirty-two, set to go in the grandest race for the highest stakes that any nation, any world, any system had ever offered a young man.

The year 1921 provided him with the first example of business Depression of which he was ever personally conscious. He took a salary cut from \$6,000 to \$5,000, but the whole experience just went to show that really alert management could meet any situation if it was truly fast on its feet. By 1923, when he was thirty-five, all was well again, and he was getting \$9,000 in salary. What he was doing in Wall Street was nobody's business but his own, but it made his salary look like peanuts. Five years later he was a Vice President, his salary was \$17,000 (on which the Federal Income Tax was \$440), and although he was careful to confide in no one but his wife, to her he could not help reveal the incredible secret that they were "worth" over a million dollars. But he stayed prudent. On a salary of \$17,000 he lived like a man making only \$25,000, i.e., like a king. The Directors crashed through with bonuses every December and sometimes these were a good deal in excess of the \$25,000 that he now earned in salary as the Executive Vice President. The Executive Vice President took a month off every year, not so much because

he really wanted to as because some of the older Directors insisted

The Executive Vice President, in the bitter years between 1929 and 1933, took his licking like a man. When everything was totaled up he was still on the nm of solvency. While his plants had to drop men from the payrolls (only to confront them later turning up on the relief rolls), a good many adjustments and economies were also made on executive levels. And so one day in 1934 when the Executive Vice President came home he flung his hat into a corner and announced to his wife that the Directors had just made him 'captain of the Wreck of the Hesperus.' His dejection was so complete that at first she thought he was saying that he'd been fired, only after a moment did she realize that he was telling her he had just been made President.

Those were the circumstances under which he finally became 'The Boss.' He was forty six years old, the times called for 'young men, who still had faith and courage.' Over the intervening years—for it is now 1948, and he is sixty, with only five more years to compulsory retirement—the boss has shown plenty of both. He has shown an awful lot of bad temper, too, and his wife often wonders whether the trouble lies in advancing years or whether People and Times and Things are really as different as they seem. To the boss's wife, something has happened to the boss. To the boss, something has happened to America. If he lived to be a hundred he couldn't ever make a pile again. The zing seems to have gone out of the whole show.

Why did he work? He loved it. Power flowed from his finger tips. His ideas turned to gold. He gave his wife and children everything they asked for, and still he needed a bigger safe deposit box every year. He bought a fine house, which meant pride to him and his family, a thirty two-foot sloop to 'knock about in' occasionally. Business was the American genius and the American Corporation was unassailable in its strength. Everybody's salary had gone up out of sheer good will, but almost everybody (like himself) was faintly contemptuous of salary as being the smallest and least important of the money rewards that came to people living in a land overflowing with riches.

Incentives? The sales curve was the incentive. The sound of the pneumatic riveter and the steam shovel were the incentives. The news items in the daily papers—Warner Brothers would hereafter make all their feature pictures with sound, regular scheduled service by airplane would soon be established between New York and Washington, phonographs now had electrical pickups—all these were incentives. America itself was the incentive.

When one penetrates to the roots of individual motivation by means of such personal portraits, it becomes difficult to prove a substantial difference between business and government bureaucrats. No distinctive personal psychology or philosophy is strictly correlated with one group or the other, despite divergent social, political, and

economic ideas each may express in explaining his professional choice as between government and business. The government administrator confesses to the same incentive of "the desire to accumulate wealth [and] providing security for our family and ourselves"; while the business boss insists equally with the government bureaucrat that "America itself was the incentive."

Bureaucrats of all kinds seem to resemble one another more than they differ, and one of the major points of resemblance may well be the dynamic urge to participate in any administrative bureaucracy and to exercise some bureaucratic power. Even the British, who proceeded early toward municipalization and nationalization of public enterprise, realized that "it is an administrative truth of the first importance that men who get their hands on a big governmental machine become concerned to exploit its full potentialities."<sup>44</sup> As Harold Laski admitted, "in an administrative bureaucracy the appetite for power grows by what it feeds on." Neither the personal urge of the bureaucrats nor their administrative behavior differ simply because they choose to operate in one type of institution or another. Men and women will continue to seek what *Fortune* called the "zing," or what J. G. Frederick called the "spring and zest" of life, whether they engage in the *Great Game of Business*,<sup>45</sup> the *Great Game of Politics*,<sup>46</sup> or an emerging admixture of both.

## 8. THE SOCIAL ROLE OF BUREAUCRACY

What, then is the actual significance of bureaucracy in modern life? Max Weber, the German social scientist, has answered this question by defining bureaucracy as a universal social phenomenon, and by detaching from it the usual normative judgments of good or bad.

### MAX WEBER

#### "Bureaucracy"<sup>47</sup>

Once it is fully established, bureaucracy is among those social structures which are the hardest to destroy. Bureaucracy is the means of

<sup>44</sup> Ivor Jennings, Harold Laski, and William Robson (eds.): *A Century of Municipal Progress, 1835-1935*. London. G. Allen and Unwin; 1935.

<sup>45</sup> J. George Frederick: *The Great Game of Business*. New York: D. Appleton Company; 1920, p. 61.

<sup>46</sup> Frank R. Kent: *The Great Game of Politics*. Garden City: Doubleday, Doran & Company, Inc.; 1935.

<sup>47</sup> Max Weber: "Bureaucracy." Hans H. Gerth and C. Wright Mills: *From Max Weber: Essays in Sociology*. Reprinted by permission of Oxford University Press. Copyright 1946, Oxford University Press. Selected from pp. 228-29, 232-33.

carrying "community action" over into rationally ordered "societal action." Therefore, as an instrument for "societalizing" relations of power, bureaucracy has been and is a power instrument of the first order—for the one who controls the bureaucratic apparatus. Under otherwise equal conditions, a "societal action," which is methodically ordered and led, is superior to every resistance of "mass" or even of "communal action." And where the bureaucratization of administration has been completely carried through, a form of power relation is established that is practically unshatterable.

The individual bureaucrat cannot squirm out of the apparatus in which he is harnessed. In contrast to the honorific or avocational 'notable,' the professional bureaucrat is chained to his activity by his entire material and ideal existence. In the great majority of cases, he is only a single cog in an ever moving mechanism which prescribes to him an essentially fixed route of march. The official is entrusted with specialized tasks and normally the mechanism cannot be put into motion or arrested by him, but only from the very top. The individual bureaucrat is thus forged to the community of all the functionaries who are integrated into the mechanism. They have a common interest in seeing that the mechanism continues its functions and that the societally exercised authority carries on.

The ruled, for their part, cannot dispense with or replace the bureaucratic apparatus of authority once it exists. For this bureaucracy rests upon expert training, a functional specialization of work, and an attitude set for habitual and virtuoso-like mastery of single yet methodically integrated functions. If the official stops working, or if his work is forcefully interrupted, chaos results, and it is difficult to improvise replacements from among the governed who are fit to master such chaos. This holds for public administration as well as for private economic management. More and more the material fate of the masses depends upon the steady and correct functioning of the increasingly bureaucratic organizations of private capitalism. Everywhere the modern state is undergoing bureaucratization. But whether the power of bureaucracy within the polity is universally increasing must here remain an open question.

The fact that bureaucratic organization is technically the most highly developed means of power in the hands of the man who controls it does not determine the weight that bureaucracy as such is capable of having in a particular social structure. The ever increasing "indispensability" of the officialdom, swollen to millions, is no more decisive for this question than is the view of some representatives of the proletarian movement that the economic indispensability of the proletarians is decisive for the measure of their social and political power position. If "indispensability" were decisive, then where slave labor prevailed and where freemen usually abhor work as a dishonor, the "indispensable" slaves ought to have held the positions of power, for they were at least as indispensable as officials and proletarians are today. Whether the power of

bureaucracy as such increases cannot be decided a priori from such reasons. The drawing in of economic interest groups or other non-official experts, or the drawing in of non-expert lay representatives, the establishment of local, inter-local, or central parliamentary or other representative bodies, or of occupational associations—these seem to run directly against the bureaucratic tendency. How far this appearance is the truth must be discussed in another chapter. In general, only the following can be said here:

Under normal conditions, the power positions of a fully developed bureaucracy is always overtowering. The 'political master' finds himself in the position of the 'dilettante' who stands opposite the 'expert,' facing the trained official who stands within the management of administration. This holds whether the 'master' whom the bureaucracy serves is a 'people,' equipped with the weapons of 'legislative initiative,' the 'referendum,' and the right to remove officials, or a parliament, elected on a more aristocratic or more 'democratic' basis and equipped with the right to vote a lack of confidence, or with the actual authority to vote it. It holds whether the master is an aristocratic, collegiate body, legally or actually based on self-recruitment, or whether he is a popularly elected president, a hereditary and 'absolute' or a 'constitutional' monarch.

As Weber indicates, the administrative power of bureaucrats is not necessarily identical with social domination by a bureaucracy. Thus the crucial problem becomes one of balancing power groups, not of restraining a powerfully established bureaucracy.<sup>48</sup>

## SUMMARY

Bureaucracy is generally used as an invective against government. But when the concept is examined scientifically, we find that its real components—inflexibility, unwieldiness, impersonality—are common to all large organizations: business, government, labor and social institutions of all types. Moreover, the bureaucrats of these institutions do not seem to differ materially from one another in personal behavior or psychological incentive. Large-scale enterprise formerly attributed only to business is beginning to characterize government. There is less and less evidence, too, that governmental bureaucracy is unable to experiment as successfully as business and in some fields governmental experimentation is actually pointing the way to more effective types of administration.

If size and unwieldiness leading to inflexibility and impersonality are the main characteristics of bureaucracy, the cure may lie in devolving work or possibly in zoning powers to smaller functioning

<sup>48</sup> E. Pendleton Herring: *Public Administration and the Public Interest*. New York and London: McGraw-Hill Book Company, Inc.; 1936.

units. How this can be done without sacrificing the advantages of large scale organization and central coordination or unified planning is one of the major problems of modern society. So far as the individual administrative unit or bureau is concerned, there is a growing appreciation that a simple organization kept as small as the functions assigned to it will permit is preferable under normal circumstances. The effective administrator realizes more and more, as Marshall Dimock has pointed out, that although organizational aggrandizement may have temporary attractions, 'nothing will more quickly dissipate the strength of his organization than the assumption of unnecessary and unrelated activity'.<sup>49</sup>

Nevertheless, a modern community willing to preserve liberty (not only freedom for the few but a genuine liberty for the many) may have an urgent need for a strong administrative bureaucracy. A machinery is necessary which will enforce the political accountability and administrative responsibility of the bureaucracy.<sup>50</sup> A major difficulty in keeping government functioning both democratically and efficiently, may prove to be the public's failure to give proper recognition to its bureaucrats. Certainly, the prestige value of public employment has not been high enough to encourage the best public servants in the United States although there has been a decided favorable shift in sentiment between the 1930's and the 1940's.<sup>51</sup>

At the same time, we must be vigilant in seeing that the prestige of our business managers remains high enough to attract the most enterprising yet socially responsible personnel—especially in the case of our 'big corporations'.<sup>52</sup> On the other hand, we need not go to the other extreme of establishing a state in which the government bureaucracy reigns supreme. A danger is apparent in what might be called the bureaucratic state dominated by government officials as surely as we find a danger in the market state dominated by business men, or the garrison state dominated by the military. We must grant

<sup>49</sup> Dimock *The Executive in Action* p. 53.

<sup>50</sup> Carl J. Friedrich *Public Policy and the Nature of Administrative Responsibility* *Public Policy* 1940. Cambridge Graduate School of Public Administration 1940. Herman Finer *Administrative Responsibility in Democratic Government* *Public Administration Review* Summer 1941 vol. 1 pp. 335-50.

<sup>51</sup> Compare the Chicago surveys by Leonard D. White *The Prestige Value of Public Employment* Chicago: The University of Chicago Press 1939 and *Further Contributions to the Prestige Value of Public Employment* Chicago: The University of Chicago Press 1932 with the two surveys made in Cincinnati and New York by the Maxwell Graduate School of Citizenship and Public Affairs of Syracuse University Civil Service Assembly *Public Relations of Public Personnel Agencies* Chicago: CSA 1941. G. Lyle Belsley 'Why Bureaucracy Is Belittled' *Personnel Administration* January 1947 vol. 9 p. 19 et seq. See also John J. Corson 'The Popular View of Bureaucrats' *Ibid.*, p. 15 et seq.

<sup>52</sup> Eugene Holman 'The Public Responsibilities of Big Companies' Address to the Economic Club of Detroit Nov. 8 1948.



sufficient professional power to bureaucrats of all institutions to match the responsibilities assigned to them. Thus, the process of identifying and controlling those administrators who really direct the bureaucracy becomes a reasonable task.

Although considerable fear remains, fancied and well-founded, that bureaucracy threatens freedom, it should be recalled that historically bureaucracy flourished not as an attack upon liberty, but as a method of displacing a feudal oligarchy. If our democracy can be kept genuinely well-informed and responsibly led, we need have no fear of our ability to organize or manage our administocracy or bureaucracy. We will now turn to these more specific problems of *organization* and *management* in the remaining parts of this book.

## PART II

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### THE SCIENCE OF ORGANIZATION

## CHAPTER EIGHT

### THE PROBLEM OF ORGANIZATION

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THE MOST ELEMENTARY ASPECT of administration is organization—the structure of social institutions and their constituent parts, the composition of economic enterprises and their various branches, the organization of governmental agencies and their numerous departments. As it is mainly a matter of structure, organization bears the same rudimentary relationship to administration as does the science of anatomy or skeletology to the field of medicine. An administrative organization can be sketched and charted just as the human body can be physically depicted. Apart from its graphic convenience and its “teachable” quality, however, what intrinsic relationship does organization bear to administration?

The real importance of organization falls somewhere between two extreme positions. One position was announced as early as 1733 by the poet, Alexander Pope, in his famous couplet: “For forms of government let fools contest; whatever is best administered is best.”<sup>1</sup> The other position magnifies organizational form, making it a super-subject either parallel with or inclusive of the whole subject of administration.<sup>2</sup> Neither extreme has many adherents among experienced administrators. The typical view is a middle position which has been generally accepted in the United States since its founding. Quoting Pope’s couplet, *The Federalist*, in 1788, refused to “acqui-

<sup>1</sup> Alexander Pope: “An Essay On Man,” Epistle III.

<sup>2</sup> Edwin O. Stene: “An Approach to a Science of Administration.” *American Political Science Review*, December 1940, vol. 34, pp. 1124–37. See the comments of Waldo: *The Administrative State*, p. 171; E. H. Anderson and G. T. Schwenning: *The Science of Production Organization*. New York: John Wiley & Sons, Inc.; 1938.

esce in the political heresy of the poet"<sup>3</sup> and gave diligent but not exclusive, attention to questions of governmental organization

In this introductory chapter to the subject of organization, the problem will be defined.<sup>4</sup> The first half of the chapter will examine the subject from the top down by explaining the broad organizational issues which dominate contemporary thought, such as the relations between governmental authorities and economic organizations. The second half of the chapter will explore the problem from the standpoint of the individual in his relations to the groups and organizations with which he works and lives; here we will seek the basic elements out of which organizational units are constructed. The broad questions of social organization dealt with in the first half of the chapter and the more technical problem of organizing individuals and their daily jobs analyzed in the second half, may be regarded as disparate subjects; but they are distinctly related, as we shall see. All these aspects of organization can be studied sequentially from the ordering of individuals or their specialized tasks to the composition of any enterprise or of social groups. The problem of organization is the problem of the one and the many, of relating individuals to their institutions, of fitting modern man and his activities into an impersonal multi group society.

## 1. GOVERNMENTAL ORGANIZATION AND THE MODERN ECONOMY

How to constitute the structure of the state in order to help and yet harness the other organizations of society, such as the economic institutions, has always been one of the foremost problems of society. The nature of this problem in the highly specialized and technological setting of modern society is here described by (a) Charles Merriam, whose biography has been previously sketched, and (b) Robert D. Calkins, economist, labor mediator, business school dean, and, like Merriam, an executive of a major educational foundation, the General Education Board.

### (a) CHARLES MERRIAM

#### *Systematic Politics*<sup>5</sup>

The technical apparatus of modern organization is far more complicated, elaborate, and scientific than that of preceding generations.

<sup>3</sup> *The Federalist*, No. 68

<sup>4</sup> For a formal set of definitions, see "Some Common Definitions of Organization," prepared for the Organization and Methods Conference of the United States Bureau of the Budget, 1946

<sup>5</sup> Charles Merriam *Systematic Politics* Adapted from pp. 150-51, 167-68, 170, 177-78 Reprinted by permission of The University of Chicago Press Copyright, 1945, The University of Chicago Press

We now know how to produce, how to fight, how to administer social affairs, public or private, on a massive scale; and no modern group is unmindful of the technical tools available for this purpose. Masses of men and women—millions of them—now know more about organization, its meaning and apparatus, than ever before in human history. Its cult is no longer secret or magic. What now appears is a reasonable expectancy by those concerned that under such and such conditions such and such an outcome will follow, in an organizational pattern, of which they are parts, and in which they share responsibility.

The earlier political thinkers used the term "organization" in the broadest sense of the term, that is, with reference to the widest aspects of the patterns of political forces in a given state. Thus a political society might be organized as a monarchy, aristocracy, or democracy, as a city-state, feudal state, a national state, imperial state, or a world state. Emphasis was also placed on the organs of organization. These came to be standardized in the course of time under the categories of legislative, executive, and judicial organs, the combination of which in some form of balance was held to be the indispensable basis of sound organization.

Much attention has been given in recent years to what might be called the "higher organization" of the state, both in the practical experimentation of modern nations and in the domain of theoretical analysis. In almost every country in the world there has been experimentation with and discussion of the emerging evolution of political-economic forms and forces, now everywhere challenging the peace and security of mankind—technology, cartels, unions, business and agricultural associations, armies, professions, churches, schools. The problem of a socialistic or a mixed economy has led to vigorous debate not only upon economic principles but upon the whole political setting of economics.

#### (b) ROBERT D. CALKINS

##### "A Challenge to Business Education"<sup>6</sup>

Today the economy is a vast aggregation of private enterprises, large and small, public enterprises, government economic agencies, labor unions, business associations, and related institutions, all interlaced through interdependent economic functions and all managed purposefully. This institutional structure includes at its center some 6 million farms and 3 million private business firms. These are flanked on one side by 35 million households, representing the consuming entities served by the rest of the system. On the other side are growing numbers of federal, state, and local public enterprises, some exceptionally large. Above are numerous government agencies, regulating, directing, influencing, restricting, serving, and fostering the other elements of the economy. In among these institutions are numerous labor unions, business associations,

<sup>6</sup> Robert D. Calkins: "A Challenge to Business Education." *Harvard Business Review*, Winter 1944, vol. 23, p. 176. Reprinted by permission.

and clubs of various types, dominated by economic motives and devoted to influencing the conduct of business and related activities on the one hand and public policy and public activities on the other hand

The operating units forming the central body of the economy, are supplemented by numerous institutions, enterprises, and organizations performing professional and other services of a more or less incidental economic character. Altogether, they constitute a going concern, the most intricate and complex institutional structure men have ever erected for their mutual benefit. It functions largely on a voluntary basis through the independent management of over 10 million separate enterprises and organizations

In such a complex society, how are the crucial institutions, particularly those in the economic field, to be reconciled with the state organization? As Merriam suggests, the old idea was that the different social groups could be given weight or representation in the various branches of the government, that is its legislative, executive, and judicial branches, or in either of two houses of a legislature, one giving some expression to the aristocratic and the propertied elements and the other giving more recognition to the popular or laboring elements of the community. The bicameral legislature itself, however, has tended to become democratized in both its houses. In American experience, the Senate of the United States has been transformed by constitutional amendment and political practice from an indirectly elected body representing select and influential interests to a directly elected body which is just as responsive to the popular will as the House of Representatives. Moreover, the tripartite separation of powers in the opinion of many observers is obsolescent<sup>1</sup>

In an attempt to achieve a rebalance of power, an alternative view has developed to the effect that the basic elements now to be recognized within the governmental structure are specific socio-economic interests. These interests, it is felt, might be recognized through an economic parliament, which gives some expression to a form of 'guild socialism,'<sup>2</sup> industrial representation or labor syndicalism.<sup>3</sup> In accordance with this view, governmental organization, whatever its branches or its departmental breakdown might be, has usually been dominated in any case by some such power group, either in the form of blooded royalty, landed aristocracy, ecclesiastical hierarchy, military clique, wealthy planters, business owners, bureaucratic of

<sup>1</sup> Marshall Dimock. *The Frontiers of Public Administration* Chicago: The University of Chicago Press 1936 Chapter 1

<sup>2</sup> G. D. H. Cole. *Guild Socialism* New York: Frederick A. Stokes Co., 1921

<sup>3</sup> See for example Robert A. Dahl. "Workers Control of Industry and the British Labor Party" *American Political Science Review* October 1947 vol. 41 pp. 875-900

ficials, or even proletarian workers;<sup>10</sup> and, so this view runs, this fact may as well be recognized in the state structure as well as in social practice.

To those critics who put their faith in the power of the political community to override powerful and partisan interests, the foregoing is not a promising picture, but it accurately reflects the dilemma of contemporary organization. In 1946, it appeared to many leading American scholars, who had convened on the occasion of the Bicentennial of Princeton University to discuss the subject of "The Evolution of Social Institutions in America," that: "The Executive has come to exercise a vacillating control. . . . The Legislature has passed into decline. . . . The Judiciary has ceased to be the bulwark of the economy. . . . Actual government has drifted. . . . The older establishment has lost its articulate and functional character; the newer establishment has not yet fallen into patterns."<sup>11</sup> Is it possible under such conditions to administer, to organize, to manage a democratic commonwealth?

## 2. PRIVATE VERSUS PUBLIC ORGANIZATION

The situation should not cause despair, for the organizational problem is not one of utter chaos. The irreconcilability of the conflict between groups and organizations is by no means irremediable. In past centuries, the crucial struggle was between church and state, but an accommodation was worked out. At present, the contest has been defined primarily as one between the state and the economic institutions of society, and here, too, we shall find many promising signs of accommodation. For some observers, this conflict, like the controversy over bureaucracy,<sup>12</sup> has become a doctrinaire one between private organization and public organization as a whole, between the individualistic conception and the collectivistic organization of society. This view has been strongly asserted in the United States, where high value has always been attributed to business competence and where business leaders themselves have candidly asserted that they are "the most influential class in the country."<sup>13</sup> Two readings will present this point of view: (a) President Coolidge's address of 1928 to the Daughters of the American Revolution; and

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<sup>10</sup> See Albert S. Kiester: "Are Government and Business Separate Entities." *The Southern Economic Journal*, January 1936, vol. 2, pp. 3-12.

<sup>11</sup> Princeton University Bicentennial Conferences, Series I, Conference 4, p. 3.

<sup>12</sup> See Chapter 7.

<sup>13</sup> Samuel O. Dunn: "The 'Practical' Socialist." *Nation's Business*, November 1928, vol. 16, p. 15.

(b) a definitive statement on capitalism and collectivism issued in 1939 by the Machinery and Allied Products Institute, an organization devoted to the expansion of capital improvements in the United States

(a) CALVIN COOLIDGE

Address to the Daughters of the American Revolution <sup>14</sup>

We are especially prone to call on the National Government to take over our burdens, and with them our freedom. Through regulations and commissions we have given the most arbitrary authority over our actions and our property into the hands of a few men. Some of this has been necessary to prevent those who are weak from being overcome by those who are strong. But it is a procedure fraught with considerable danger and should only be adopted as a last resort. There is one field, however, which belongs to the people, upon which they have uniformly insisted that the Federal Government should not trespass. That is the domain of private business. If the people are to remain politically free, they must be economically free. Their only hope in that direction is for them to keep their own business in their own hands.

Our theory of society rests on a higher level than Communism. We want the people to be the owners of their property in their own right. We recognize that they are all capitalists by nature. We want them to be all capitalists in fact. That result is being approached rapidly. Our system is demonstrating by practice that it works.

The very essence of business is the expectation of a profit on the part of those who conduct it. Government is conducted from an entirely different motive. When business is in private hands, it is expected to be run for the benefit of the owners. When the Government steps in, the purchasers, users, and beneficiaries of what the Government undertakes to supply insist that the concern should be conducted for their benefit. It does not eliminate selfishness, it simply transfers it in part from the seller to the purchaser. Under these conditions it ceases to be a real business, becomes lacking in enterprise and initiative, and does not have any motive to provide improved service.

If it is desirable to protect the people in their freedom and independence, if it is desirable to avoid the blighting effects of monopoly supported by the money of the taxpayer, if it is desirable to prevent the existence of a privileged class, if it is desirable to shield public officials from the influence of propaganda and the acute pressure of entrenched selfishness, if it is desirable to keep the Government unencumbered and clean, with an eye single to public service, we shall leave the conduct of our private business with the individual, where it belongs, and not undertake to unload it on the Government.

<sup>14</sup> April 16, 1928, 37th Continental Congress of the D. A. R. at Washington, D. C. Quoted in *Nation's Business*, July 1928, vol. 16, p. 19. Reprinted by permission.



## (b) MACHINERY AND ALLIED PRODUCTS INSTITUTE

Capital Goods and the American Enterprise System <sup>15</sup>

Throughout the ages there have come down to us only these two fundamentally different concepts of the organization of society:

*The Individualistic Concept (Capitalism)*—in which the individual possesses the greatest possible freedom of personal conduct and progresses as he may, by his own efforts and ability, with only such restrictions from the group as may prevent his efforts from interfering unreasonably with like efforts of other individuals, and with only such group support as may prevent him from being submerged; the individual being the supreme unit, the group functioning as a unit only to the extent necessary for the common good, and then through delegated powers of limited scope.

This form of social organization is characterized, in its economic aspect, by the ownership and control of the facilities of production, distribution and living by individuals or groups of individuals. It is based upon three simple propositions: First, the voluntary division of labor, including the right of the individual to seek the kind of gainful employment he chooses; second, the free exchange of goods and services; and third, the institution of private property which may be defined as the right of the individual to acquire and own property and to enjoy its use so long as such use does not interfere with the rights of others.

*The Collective Concept*—in which the social group, acting through its governing medium, determines and controls the acts of each individual within it, the individual being restrained or stimulated by the governing medium as it may desire, to obtain the predetermined results, the group being the supreme unit, the individual being subordinated to it in every way.

This form of social organization, in its economic aspect, is characterized by ownership or control by government of the facilities of production and distribution. In its extreme form—communism—the facilities of living also are owned and controlled by government. It substitutes for the voluntary division of labor an assigned or allocated division of labor, this being an essential concomitant of controlled production in that control of production necessarily carries with it the allocation of employment.

Thus the difference between individualism and collectivism lies largely in the character of the ownership of property including the control of its use, particularly the facilities of production, distribution, transportation, communication and commerce—capital goods. Ownership of these facilities by individuals is made possible by the phenomenon of private capital—that is, the accumulation of private savings and the formation of private capital is thus the keystone of individualism (capitalism).

<sup>15</sup> *Capital Goods and the American Enterprise System*. Chicago: Machinery and Allied Products Institute. April 1939, selected from pp. 2-5.

Anything that controls or limits these processes will eventually control and limit private ownership and use of property and will condition the fundamental characteristics of the entire social order

In accordance with this analysis then, individualism is made synonymous with private enterprise private property and private organization while the concept of collectivism is attached to public organization and governmental enterprise

### 3 PUBLIC PLUS PRIVATE ORGANIZATION

This schism between private and public organization is not quite so apparent in practice When business captured government, during the Coolidge era in the 1920's it was asserted "There is no longer any real antagonism between government and business President Coolidge and Secretary Hoover removed anything approaching real antagonism and now Hoover as President will undoubtedly continue to be liberal and fair" Likewise, when other economic interests like labor or farm groups, are satisfied with governmental policy their sense of antagonism between government and economic interests disappears Almost all types of private organizations accept grants of authority from the state allowing them to exercise virtual governmental powers themselves" This condition occurs in the case of the power of certification exercised by the professions, including law and medicine, but it is also true of some of the activities of business and labor organizations

Furthermore, private organizations and private enterprises competing with one another constantly seek to encourage or thwart the collective power of government exporters versus manufacturers over the tariff shippers versus railroads over transportation rates, timber interests against wood product manufacturers over forestry regulations construction material manufacturers versus real estate interests over public housing brewers versus tavern keepers over liquor licensing butter producers versus oleomargarine producers over excise taxation Finally the differences between individualism and collectivism are particularly hard to enforce because government subsidy of various legitimate interests is frequently sought, even by those interests which react most strongly against government subsidies in general Bruce Barton once termed this system one of

<sup>16</sup> Edward N Hurley Government Enemy or Ally of Business *Nation's Business* April 1929 vol 17 p 22

<sup>17</sup> Lane W Lancaster The Legal Status of Private Organizations Exercising Governmental Powers *Southwestern Social Science Quarterly* March 1935 vol 15 pp 325-36

"Gimme Government,"<sup>18</sup> and a leading industrialist writing during the 1930's put the matter frankly in the following terms: "The entire blame does not rest with government. Business men and chambers of commerce have gone to Washington and asked the government to make navigable unnavigable rivers; to make farmable unfarmable land; to build and maintain canals and railroads; to establish superfluous shipyards. Business men have flocked to Washington for assistance from the Department of Commerce on problems which were their own problems. . . . Business must change its position, stand on its own feet and fight its own fight. It must realize that government can help one group only at the expense of another."<sup>19</sup>

It remains to be demonstrated, however, if any group in an interdependent economy can completely "stand on its own feet." Must not private and public organizations exercise their powers in cooperation?

A number of authorities both within and outside governmental circles recognize the possibility and the necessity of effective collaboration between private and public organization. The view that we must have public plus private organizations, under conditions that are favorable not only for secure private enterprise but also for sturdy public organization, has been well stated by: (a) E. Pendleton Herring, Professor of Government at Harvard University and subsequently President of the Social Science Research Council; and (b) Edwin G. Nourse, Professor of Economics at Brookings Institution and subsequently Chairman of the President's Council of Economic Advisers.

#### (a) E. PENDLETON HERRING

##### "Logomachy and Administration"<sup>20</sup>

To talk of government control versus private enterprise is to create a deceptive dichotomy. For the "government to take over business" at the present time would be equivalent to business taking over the government. "Government" is not something apart. Government control of business means in essence that such interests as the consumer, the worker, or the farmer now unrepresented in the management of industrial enterprise turn to political channels for securing a share of control. Popular government can not be said to exist in a society where the state possesses the outward forms of "free government" but where the daily actions of men are dominated in fact by a churchly hierarchy, by an industrial oli-

<sup>18</sup> *Colliers*, September 24, 1938.

<sup>19</sup> G. C. Miller: "Business Fostered Bureaucracy." *Nation's Business*, February 1933, vol. 21, p. 16.

<sup>20</sup> E. Pendleton Herring: "Logomachy and Administration." *Journal of Social Philosophy*, January 1937, vol. 2. Selected from pp. 99-101. Reprinted by permission.

garchy, or by a political machine. The student of government has given some attention to the first and last of these conditions, but the extent to which human activities are falling under the influence of a small group of bankers and entrepreneurs can not be neglected. We are prone to regard the controls imposed by the state through official channels as somehow implicitly restrictive, while the control imposed by men upon each other in economic life is considered a part of the nature of things.

This contrast between the views toward official versus private "government" has a solid historical background. Never since the rise of modern statehood have there been such great power-areas dissociated so clearly from social control. While pluralistic in the number of its control centers, the Middle Ages was yet dominated by an ideology of intellectual universalism and a theology of Christian unity. The present age is one of chaotic values and of disparate authorities. Authorities in the industrial world acknowledge no value save their own power and expansion. They determine what we shall eat, when we shall sleep, and even what we must think. They challenge any effort at control. They use the forms and ideals of responsible popular government for the protection of their own privileges.

Once government is recognized as not confined to agencies labelled official and political, we can search for means of obtaining a higher sense of social responsibility on the part of business.

#### (b) EDWIN C. NOURSE

##### "Public Administration and Economic Stabilization"<sup>21</sup>

In its economic aspect the Employment Act [of 1946, establishing the President's Council of Economic Advisers] reaffirms and in fact makes more explicit and comprehensive than ever before the national policy of adhering to a system of predominantly private enterprise. At the same time, it states more explicitly and comprehensively than ever before a policy of the national government to follow such lines of positive action as the legislature may see fit to authorize under the leadership of the Chief Executive or on its own initiative, subject to his veto powers. This declaration of residual public responsibility on a foundation of private enterprise simply reaffirms as a matter of conscious policy the traditional course we have followed ever since Colonial times. This is the "mixed" economy under which in federal, state, and local matters we have been accustomed to operate. We of course have never had our socio-political economic carburetor rigidly set to any particular mixture, but neither have we ever undertaken to operate either on pure air or pure gasoline.

I strongly suspect that we shall continue these rather unsystem

<sup>21</sup> Edwin C. Nourse. *Public Administration and Economic Stabilization*. *Public Administration Review*, Spring 1947, vol. 7. Selected from pp. 86-87, 91-92. Reprinted by permission.

atic practices under the Employment Act much as we have followed them for a century or more before its passage. But in conjunction with—and in a sense compensating for—this flexible and easygoing way of business life we have at length enunciated a basic policy of economic action for the federal government, coordinated—so far as they will permit—with state and local governments. This policy is in no way to abrogate or interfere with the embarking of the people in such private ventures as seem to them promising. Nor does it propose any logical or ideological rule or criterion for determining the line between private, publicly regulated, and governmental activity, in the economic area.

Deep study and careful experimentation will be needed if we are to develop democratic but efficient means for interlacing public and private machinery to effect such stabilization of our economy as an intelligent and well-intentioned people should be capable of achieving.



Twenty years previously, John Dewey, the philosopher of American pragmatism, had similarly declared: "The line of demarcation between actions left to private initiative and management and those regulated by the state have to be discovered experimentally."<sup>22</sup> Most men search for "arrangements which are more utilitarian, more economic and more systematic";<sup>23</sup> they are not as frequently concerned with differences in doctrine as might be expected. As a banker from depressed but "conservative" Mississippi said when asked about the famous "balance Agriculture with Industry" program of his state (under which local government authorities constructed factories, rented them for \$1 per year to private enterprise, and could themselves operate these public "enterprises"): "The BAWI plan was socialistic in tendency, but it worked."<sup>24</sup>

"Will the organization work" is thus a popular American test. Under such pragmatic circumstances, the form of activity undertaken by public organizations need not be socialistic. Government ownership is only one of several alternatives. As the American industrialist, Owen D. Young, stated to the Senate Committee on Interstate Commerce in the crucial days of 1929: "We must learn how to regulate adequately our public service in private hands or there will be no alternative but the government ownership of such

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<sup>22</sup> John Dewey: *The Public and Its Problems*. New York: Henry Holt & Co.; 1927, p. 64.

<sup>23</sup> Arthur G. Coons: "Government Expansion in the Economic Sphere." *Annals of the American Academy of Political and Social Science*, November 1939, vol. 206, pp. 20-21. See also Frederick A. Cleveland: *Organized Democracy*. New York: Longmans, Green & Co.; 1913, p. 448. "Business—and Government." *Fortune*, March 1938, vol. 17, p. 69; June 1938, vol. 17, p. 51 et. seq. Elton Mayo: *The Social Problems of an Industrial Civilization*. Cambridge: Harvard University Press; 1945, pp. 53-4.

<sup>24</sup> Mississippi's BAWI Plan. Federal Reserve Bank of Atlanta, 1944, p. 64

services' <sup>25</sup> In addition to organizations exercising the power of governmental ownership, like the Tennessee Valley Authority, there are agencies exercising prohibitive functions like the Federal Trade Commission which attempt to prevent business practices in restraint of trade, the regulatory type like the Interstate Commerce Commission which regulates railroad transportation, and the promotive type like the Civil Aeronautics Board which renders air safety services and subsidizes the operations of airlines. A British civil servant, who in 1942 anticipated the Labor Party program of 1945, virtually described the system which was already creeping up on Americans, when he predicted "One industry may be owned by the State and run like the Post Office, from Whitehall, another may be operated by a public corporation, a third by private enterprise subject to public control of prices and profits, a fourth by a trade group on which the consuming public is represented, while a fifth is left to face competition unregulated by the state" <sup>26</sup>

No doubt a choice of one type of public organization over another will reveal a preference for the doctrinal extremes of individualism or collectivism. One should realize, however, that pure types of private organizations and public organizations are rare. Moreover, the compromise types have not suddenly been superimposed upon society, they have been a long time forming. In one of the earliest decisions involving the regulation of business affected with a public interest Lord Hale stated in 1690 "The matter changeth the custom, the contracts the commerce, the dispositions, educations and tempers of men and societies change in a long tract of time, and so must their laws in some manner be changed, or they will not be useful for their state and condition" <sup>27</sup>

#### 4 THE MANAGEMENT OF A MULTI GROUP SOCIETY

Is twentieth century civilization merely drifting into accidental forms of collective organization? In the long span of human evolution, man's conscious effort to bring order out of the chaos of his social surroundings early expressed itself in various forms of collective and co operative mechanisms such as the horde, the tribe, the

<sup>25</sup> Senate Interstate Commerce Committee Hearings 71st Cong. 2nd Sess. December 9, 1929. See also Robert R. Young, "A Strange Alliance for Monopoly," *Atlantic Monthly*, December 1946, vol. 178, p. 50.

<sup>26</sup> Alec Cairncross, "The Higher Civil Service After the War," *Public Administration*, July-September 1942, vol. 20, p. 61.

<sup>27</sup> See Breck P. McAllister, "Lord Hale and Business Affected with a Public Interest," *Harvard Law Review*, March 1930, vol. 43, pp. 759-91.

family, the village, and the state.<sup>28</sup> Among those scholars who have analyzed this fundamental problem of history with an enlightenment that brackets civilizations widely separated by time are (a) the ancient Greek philosopher Aristotle, and (b) the modern social theorist Professor Robert MacIver of Columbia University.

### (a) ARISTOTLE

#### Politics<sup>29</sup>

Every state is a community of some kind, and every community is established with a view to some good; for mankind always act in order to obtain that which they think good. But, if all communities aim at some good, the state or political community, which is the highest of all, and which embraces all the rest, aims at good in a greater degree than any other, and at the highest good. As in other departments of science, so in politics, the compound should always be resolved into the simple elements or least parts of the whole. We must therefore look at the elements of which the state is composed, in order that we may see in what the different kinds of rule differ from one another, and whether any scientific result can be attained about each one of them.

In the first place there must be a union of those who cannot exist without each other; namely, of male and female, that the race may continue. The family is the association established by nature for the supply of men's everyday wants, and the members of it are called by Charondas 'companions of the cupboard,' and by Epimenides the Cretan, 'companions of the manger.' But when several families are united, and the association aims at something more than the supply of daily needs, the first society to be formed is the village. When several villages are united in a single complete community, large enough to be nearly or quite self-sufficing, the state comes into existence, originating in the bare needs of life, and continuing in existence for the sake of a good life.

Hence it is evident that the state is a creation of nature, and that man is by nature a political animal. Further, the state is by nature clearly prior to the family and to the individual, since the whole is of necessity prior to the part; for example, if the whole body be destroyed, there will be no foot or hand, except in an equivocal sense, as we might speak of a stone hand; for when destroyed the hand will be no better than that.

Our purpose is to consider what form of political community is best of all for those who are most able to realize their ideal of life. Three alternatives are conceivable. The members of a state must either have (1) all things or (2) nothing in common, or (3) some things in common

<sup>28</sup> Edward D. Jones: *Business Administration, Its Models in War, Statecraft, and Science*. New York: The Engineering Magazine Co.; 1914, p. 27.

<sup>29</sup> Aristotle: *Politics*. Richard McKeon (ed.): *The Basic Works of Aristotle*. New York: Random House; 1941, selected from Book I, chaps. 1-4, Book II, chaps. 1, 2, 5. Translated by Benjamin Jowett. Reprinted by permission of Oxford University Press.

and some not 'That they should have nothing in common is clearly impossible for the constitution is a community, and must at any rate have a common place—one city will be in one place, and the citizens are those who share in that one city But should a well-ordered state have all things, as far as may be, in common, or some only and not others? For the citizens might conceivably have wives and children and property in common, as Socrates proposes in the Republic of Plato Which is better, our present condition, or the proposed new order of society?

I am speaking of the premise from which the argument of Socrates proceeds, 'that the greater the unity of the state the better' Is it not obvious that a state may at length attain such a degree of unity as to be no longer a state?—since the nature of a state is to be a plurality, and in tending to greater unity, from being a state, it becomes a family, and from being a family, an individual, for the family may be said to be more than the state, and the individual than the family So that we ought not to attain this greatest unity even if we could, for it would be the destruction of the state

Even supposing that the women and children belong to individuals, according to the custom which is at present universal, may there not be an advantage in having and using possessions in common? Three cases are possible (1) the soil may be appropriated, but the produce may be thrown for consumption into the common stock, and this is the practice of some nations Or (2), the soil may be common, and may be cultivated in common, but the produce divided among individuals for their private use, this is a form of common property which is said to exist among certain barbarians Or (3), the soil and the produce may be alike common

When the husbandmen are not the owners, the case will be different and easier to deal with, but when they till the ground for themselves the question of ownership will give a world of trouble If they do not share equally in enjoyments and toils, those who labour much and get little will necessarily complain of those who labour little and receive or consume much But indeed there is always a difficulty in men living together and having all human relations in common, but especially in their having common property The partnerships of fellow travellers are an example to the point, for they generally fall out over everyday matters and quarrel about any trifle which turns up.

## (b) R M MACIVER

### The Web of Government <sup>30</sup>

The relation of man to the many groups and forms of organization to which he is more nearly or more distantly, more deeply or more

<sup>30</sup> R M MacIver *The Web of Government* Selected from pp 421-23 426 Reprinted by permission of The Macmillan Company Copyright, 1947, The Macmillan Company




superficially, attached is not solved by making one of these, whether the state or any other, the sole or inclusive object of his devotion, the one social focus of his being. There are other forms of order than the simple uni-centered order. There is the order of the balance and inter-adjustment of many elements. The conception of the all-inclusive all-regulating state is as it were a pre-Copernican conception of the social system. It appeals to the primitive sense of symmetry. As we explore more deeply the social universe we must discard it and frame a conception more adequate to social reality. In this exploration we learn, among other things, to understand better the nature of the multi-group society of modern man.

We start from the fact that men have many different kinds of interest, that some of these are universal, in the sense that they are pursued by all men everywhere—all seek alike the satisfaction of certain elementary needs—while some are particular, making appeal to some men and not to others. Now since organization conveys power men learn to join with others so as to pursue their interests more effectively, each for each as well as each for all. Some of these interests are purely distributive, as are most economic interests. These we may speak of as like interests. The benefits of organization then accrue to each separately, so that the proceeds become private dividends, privately enjoyed by each. Other interests are common, in such wise that what each receives does not divide the product of the collectivity or lessen the benefits available to all the rest. To this class belong our cultural interests, the advance of knowledge, the exploration of art, of thought, of literature, of religion, and so forth. While the individual explorer or creator may receive particular awards, honors, or emoluments, the things that he explores or creates are potentially for all men. The wells of knowledge and of inspiration are not less full for the number who drink of them. When a man makes shoes it is for private use. When he makes a work of art or literature it is generally available, in one way or another, for the enjoyment of those who care for it.

Thus we can distinguish two types of organization, according to the nature of their product, leaving aside those that are intermediate or that in some manner combine both functions. To satisfy this need men weave manifold relationships with their fellows. These extend from the give-and-take of love or comradeship through informal neighborly groupings for recreation, gossip, and so forth, up to the world-wide religious brotherhoods.

Let us return, however, to our first conclusion, that the many cultural organizations of society have not and cannot have any one focus, cannot without losing their identity and their function be amalgamated and absorbed as mere departments of the state. Now we face the question of the inter-adjustment of all these organizations, and of the groups who maintain them, within the ordered yet free life of the community. Here is the essential problem of our multi-group society.



And yet, in spite of the pluralistic nature of human society and its multi-group structure, one all inclusive institution which mankind has helped to fashion (we do not speak now of his divinely created or divinely inspired church structure) is his political organization, his government, his state. In this sense, Aristotle was correct in his conclusion that man is by nature a political animal. Some men in some states have gone so far as to concede infinite power to the state. Is it necessary to go so far, or can modern life be carried on effectively under a genuine multi-group organization? Indeed, is not the really 'pluralistic society,' as advocated by MacIver, essential to the "good life" which is the object of the Greek philosopher's all powerful state?

## 5 COLLECTIVE ORGANIZATION AND THE INDIVIDUAL

Let us suppose, however, that the present trend toward governmentalization does continue or that a considerable measure of socialization does occur. Under such circumstances need individualism and private enterprise be destroyed? A general feeling of resignation exists that this may eventually occur and that man will become clay in the hands of the modern Leviathan, the state. Actually we have no absolute guarantee that the modern state, once its collective power is unleashed will abstain from crushing individual initiative and private enterprise. The experience of the British, with a legal and philosophic background not unlike the American, is an interesting effort to preserve both of these values while collectivizing part of their economy.

Private business in England has had to reconcile itself, it is true, to national socialism. Sir Clive Baillieu, President of the Federation of British Industries, announced in 1946 "Whatever political views it may hold, industry will not be obstructive; it will not adopt go-slow tactics. We recognize that the control of industry is no longer—solely and exclusively—a matter for the proprietors and that private enterprise will justify itself by its capacity to operate profitably in its competitive sphere with due regard to social considerations and national interests." At the same time, the British are not surrendering their ultimate standards of private achievement and individual competence, for Baillieu added "We declare that all industry—whether under public ownership or private enterprise—must justify itself by work and performance—not by protests and promises."<sup>21</sup>

<sup>21</sup> Clive Baillieu "Management and the Labour Government." *Labor and Industry in Britain* February 1946 vol. 4, p. 25

Many British socialist leaders, have gone further in recognizing that the crucial problem still remains one of individual effort even after important segments of the economy are nationalized and the state socialized. This recognition is demonstrated by the following readings: (a) an official statement in *Labor and Industry in Britain*, published in 1947 by the British Information Services, and (b) an article on the nationalized coal industry written in 1947 by Jean Bird for the *Washington Post*.

(a) "Creating a New Britain"<sup>32</sup>

The industrial goal set by the new Britain is the highest possible production per worker, since this alone will lead to increased living standards. In working towards this goal, many fundamental changes have already been made, or projected. This actual conduct of each nationalized industry is left to a public corporation which has full freedom in the daily conduct of its affairs, with the object of retaining the initiative and forcefulness associated with private enterprise. The main difference, it is claimed, will be that without the obligation to attend to private interests, the new "owners," acting for the country as a whole, will be able to re-plan ruthlessly; and, with the Government behind them, will have all the capital they need. When all the proposed nationalization measures have been carried out it is thought that about 20 per cent of industry will be publicly owned, while the remaining 80 per cent will be left to private ownership.

Is Britain, during all this planning, losing sight of the individual? What of the individual's right to come and go, write, think, and speak as he pleases? In no country of the world are these sacred, inalienable rights of the individual more closely protected than in Britain. Indeed, not only is every legal protection fully guaranteed and exploited, but the whole emphasis in British planning is to create a society where no man's freedom can be crushed through economic exploitation, and where no individual is held back through the "mass-production" techniques that are found everywhere today in social life as much as in industry.

Far from crushing the individual, all thinking in Britain today is concerned with releasing the individual from the homogenizing tendencies of the age. This release will come partly from increased educational and cultural opportunity, which is an outstanding feature of modern Britain. It is seen also in the elaborate plans for reversing the flow to the large cities, where the active citizen is lost in an endless suburbia. Important, too, are the very conscious attempts to give the ordinary worker a real representative interest in the work of his plant, so that he ceases to be merely a machine-minder.

<sup>32</sup> "Creating a New Britain." *Labor and Industry in Britain*, September–October 1947, vol. 5, selected from pp. 162–63. Reprinted by permission.

(b) JEAN BIRD

"Engineer Is Mainstay of 'Socialized' Coal" <sup>22</sup>

Nationalization" sounds strange and menacing to the average American. He associates it with 'Socialism' and vaguely defines it as a "taking over" by the government. Parlor pinks greet it with a loud huzzah while Union Club members choke on their clichés about free enterprise, but neither left nor right usually bothers to take a look at the human side of nationalization or more important, the productive side. Just what is nationalization? Who runs it? Does it mean more output? Do workers benefit? Do they have more incentive?

For Americans, the best available laboratory for the answers is Britain and its coalfields. In the 10 months since the blue flag of the National Coal Board was run up over Britain's collieries, nationalization has begun to take definite shape.

First, there is the former owner—the paradox of nationalization—the loneliest and yet probably the most satisfied man in the nationalized coal community. The government is giving him compensation which he admits is fair. The exact sum is still not certain, but meanwhile he is drawing an interim income roughly equivalent to half his prewar profits. In the final settlement he'll get accrued interest from the date of nationalization.

The local big shot now is the 'area manager.' Before nationalization, he was probably production manager for one of the largest coal companies. Where he used to look after a group of mines with an annual output of some two million tons, he must now cover a field more than twice as big. More important, he has added administrative responsibilities for such things as finance and distribution. Frankly, he doesn't like it. It is not his line of business and he feels that all the paper work prevents him from being a good production manager. To add to his frustrations, the Central Board has taken away his duties in some fields where he's had a lifetime of experience by creating departments in London to deal with recruitment, welfare and labor relations.

But most technicians under the old regime are now local technicians of the area manager. Nationalization has more or less revolutionized their lives, too. Under private ownership a "good" technician was often a man who forgot what he had learned at technical school, who didn't waste his time reading what the foreigner was doing, who didn't pester stockholders for new capital. Now, suddenly, the Central Coal Board expects him to produce vast plans to bring the British coal industry to the level of the best anywhere in the world. For some technicians this is an exhilarating experience. For others it is a challenge they can't meet, and they are grateful for the opportunities nationalization offers to pass the buck and get lost in form filling.

<sup>22</sup> Jean Bird "Engineer Is Mainstay of 'Socialized' Coal" *Washington Post*, November 9, 1947, p. 2B. Reprinted by permission.

Lower down in the hierarchy comes the man who supervises the day-to-day running of the mine—the manager. He complains a little about the new requests for information which come from above, but his chief problem is not due to nationalization. As things are in the post-war world, nationalization or no nationalization, the British miner knows he won't be fired. Moreover, he feels there is not much point in earning a lot of money. The \$12 a week he made before the war goes just as far now, and there is little else to buy with the \$20 to \$48 he makes today.

The miners see the same faces peering over the same desks. They still have to fight for every three-penny wage increase. They look at some of their leaders with suspicion, rejecting the explanation that union officials, many of whom must now accept responsibility for partial management, know that nationalization is on trial as their government's great experiment. The result is often a widening gap between the miners in the pits and the men who represent them.

"We have left Geordie behind," one union official commented unhappily. (Geordie is north country slang for manual worker.) "It is a question of political education," said another. Since union headquarters in most mining villages is Tammany Hall, the Elks Club and the YMCA rolled into one, the lesson conceivably could be taught, but the unfortunate fact is that too many union officials on the local level are not making any attempt.

If this unhappy condition continues, the job of bringing up Britain's lagging coal production will fall solely on the already overburdened shoulders of the technicians. "But," they say, "it will take us at least five years to deliver." New machinery will be needed and new technicians to help run it. The whole underground layout of the mines has to be re-planned, and this is a major operation since the average British mine runs 1000 feet deep compared with the average American mine at only 320 feet.

This still leaves one other major problem—administration. Nearly everyone connected with British coal will admit that in dealing with labor relations, encouragement of technicians and provision of new capital, the old owners fell down on their job. They admit that nationalization is likely to do better on these counts, though perhaps not for several years. But in the case of administration there has been a great deal of criticism that the government has not drawn from the existing pool of administrative ability. Many of the old owners had had a lifetime of experience in running a coal business. They now find their talents wasted. In their places are purely technical men or men selected because they are distinguished lawyers or accountants and hence politically neutral.

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The emphasis in socialist Britain on the individual—the individual worker, the citizen, the administrator, even the former owner; the solicitude for "retaining the initiative and forcefulness associated with private enterprise"; the official attention given to "the stimula-

tion of individual enterprise and the development of flexible business like administration in nationalized industries ³⁴—all these ideas sound strangely at variance with the collectivist philosophy. Do we find here a case of British rationalization or paradoxical as it may sound is individualism really an essential—the British seem to say the essential—ingredient of a workable collectivism?

If the answer to this question is a positive one the pet theories of many Britishers about private enterprise and public organization will have to be revised. Already, Clement Davies the leader of what remained of the British Liberal Party in 1948 reconciled his liberal philosophy with British socialism in these words: "Let us always remember that decision and action must be that of the individual or a body of individuals. So in truth public enterprise must really mean the enterprise of individuals clothed with the authority of administering the service or property or both owned by the public."³⁵

Another way of asserting the emerging British point of view was expressed by President Willman of Uruguay when that country started its program of industrial nationalization as early as 1911. It is certain that the state lacking the intense motive of personal interests will never be able to compete with individuals in the matter of vigilance and devotion to work, but the alternative to state action in Uruguay is not the individual but the delegated management of large corporations which are at a similar disadvantage in the lack of personal interest. ³⁶ The Uruguayans expropriated large foreign corporations while the British expropriated their own. But both countries preached individualism while practicing socialism and seriously insisted—and set out to demonstrate—that there need be no inconsistency between the two.

What the American position on this point is likely to be depends on current developments but that it will continue to emphasize the role of the individual whatever the form of the state we can be quite certain. The conservative Coolidge expressed the same notion as the British Liberal reconciled to Labor, Clement Davies when in 1928 he defended the philosophy of individualism before the Daughters of the American Revolution. The fundamental characteristics of humanity are not going to be changed by substituting government action for private enterprise. The individual who manages the one with all his imperfections and his selfishness will have to be em-

³⁴ Nationalization. *Labor and Industry in Britain* September–October 1947 vol. 5 p. 211.

³⁵ Clement Davies "The Administrator's Responsibility Towards a Free Society" *Public Administration* Autumn 1948 vol. 26 p. 163.

³⁶ Simon C. Hanson *Utopia in Uruguay* p. 107. See Chapter 6.

ployed to manage the other." Frank J. Goodnow, American pioneer in public administration and President of The Johns Hopkins University, pointed out what every American realizes about individualism even while he finds it necessary to give his government more and more powers; namely, that "the state attains its ends as well through liberty as through government, as well through entrusting the care of matters of public interest to individuals as through the maintenance of public governmental services for their management."³⁷

For those peoples who are experimenting with more power for public organizations, there is, even under private enterprise, a danger of a deadening collectivism, since large organizations may, and in practice do, dominate the individual. Contrawise, in a collective commonwealth, the challenge is still fundamentally a challenge to the individual.

6. THE ROLE OF ORGANIZATION AND THE INDIVIDUAL

Therefore we return once again to the individual. We must be cautious, for if the individual becomes the crux of organization why concern ourselves with the structure or organization at all? This is a very practical issue as well as a question of theory, as every administrator knows when he is faced with the prospects of discharging a first-rate man because he does not "fit into the organization." Aside from particular decisions of this kind, the problem is continually faced in the field of administration, whether organizational structure should be decided upon without regard for the individuals who are to fill the positions to be established, or whether the individuals available should determine the organizational structure. The orthodox answer is that the organizational structure should first be set up and then the individuals sought to fill the positions established. Among the writers who have taken a somewhat different position and have warned that the obsession for organization should not stifle consideration for people and their capacities, are: (a) Alexander Bogdanow, an outstanding Russian philosopher and economist during the early Soviet regime;³⁸ and (b) John D. Millett, Professor of Public Administration at Columbia University, and an army officer who during World War II handled organizational and management matters in the Army Service Forces.³⁹

³⁷ Frank J. Goodnow: *Municipal Home Rule*. New York: Columbia University Press; 1906, p. 37.

³⁸ See the article by J. F. Hecker in the *Encyclopedia of the Social Sciences*, vol. 1, p. 617.

³⁹ See Chapter 11.

(a) A. BOGDANOW

General Theory of Organization⁴⁰

Mankind pursues the organization of things not merely by means of technique but also by means of other human faculties, whereby men themselves are organized to cooperate and carry out ideas. An experienced organizer is always able to organize his personnel—no matter what sphere he may be active in, whether it is an economic undertaking or a governmental authority or any industrial or political group—so that they will complete and complement one another in the interests of the whole. If necessary, he accommodates every man according to his training and apprenticeship, that is he utilizes divergent abilities to bring about the total result desired. And he tries to use the very limitations and shortcomings of the individual persons so as to facilitate the overall requirements of the organization and at the same time be in harmony with the special abilities of his personnel.

(b) JOHN D. MILLETT

"Working Concepts of Organization"⁴¹

Unfortunately, organizational theory does not ordinarily recognize the personality factor. In reality, this is apt to be an important if not a controlling consideration in determining the organizational structure of any agency. The desire or need to accommodate a certain individual may lead to modification in structure simply for the benefit of that individual, or because consideration accorded him may secure more important advantages. It has happened, for instance, that the entire field organization of a great agency was adjusted to one top man who insisted that he could "work" only in a direct command relationship to field installations. Many a reorganization has been wrecked on the reef of personality. The student in the classroom or the writer on organization may pretend that personality factors are unimportant, the administrator, in determining organizational structure may ignore them only at his own peril.

We may hear someone say, upon looking at an organization chart, "It may work, it all depends upon the individuals who are assigned to run it." In the present state of our knowledge about public administration, it is probably as sound to pick key individuals and build the organization around them as it is to establish the administrative structure and then seek the individuals to fill the key posts.

⁴⁰ A. Bogdanow, *General Theory of Organization*. Translated and adapted from vol. 2, pp. 28-9. Berlin: Organization Verlagsgesellschaft, S. Hirzel, 1926. The German title is *Allgemeine Organisationslehre Tektologie*.

⁴¹ John D. Millett, "Working Concepts of Organization," Fritz Morstein Marx (ed.), *Elements of Public Administration*, Chap. 7, pp. 144-45. Reprinted by permission of Prentice Hall, Inc. Copyright, 1946, Prentice Hall, Inc.

The practical answer to the question of structure versus personality is a dual one. As Professor Dimock has explained, "the wise executive realizes that good organization is made up in part at least of the peculiar skills of individuals and in part of the functions to be performed."⁴² The importance of the personality factor is further reflected in the fact that the same organization may, at different stages of development, require quite different personnel types, as we shall see.⁴³ Even in the military field, where organizational units are thought to be so many pawns of standard value which can be moved from one part of the front to another and from one theater of operations to another, the individualities available frequently determine organizational decisions. Thus, some of the most complicated lines of authority during World War II between the newer air armies and the older ground forces on the one hand or between the various national high commands and the supreme allied command agencies on the other, were worked out not purely by a *priori* consideration of military hierarchy, but frequently by an intricate set of personal or "political" relationships. The relationships between General Eisenhower and Winston Churchill or between AAF General Spaatz and RAF Air Chief Marshall Tedder were interesting illustrations on this point.⁴⁴ The same practice was adhered to on other fronts and at the more operational levels of the military organization.

7. INDIVIDUAL EXECUTIVES, PLURAL EXECUTIVES, COMMITTEES AND COMMISSIONS

At the top or executive level of any organization, whether a whole nation or an individual department, the administrative authority can be either a single individual or a plural body. Early American administration tended to prefer the plural executive or committee system both in government and in business. These committees actually administered affairs.⁴⁵ The Committees of Correspondence during the American Revolution had more than mere deliberative powers.⁴⁶ Perhaps this was a necessary component in a colonial and revolutionary

⁴² Dimock: *The Executive in Action*, p. 79.

⁴³ See Chapter 14.

⁴⁴ See Captain Harry C. Butcher: *My Three Years with Eisenhower*. New York: Simon and Schuster; 1946. Dwight D. Eisenhower: *Crusade in Europe*. Garden City, New York: Doubleday and Company, Inc.; 1948.

⁴⁵ White: *The Federalists*, pp. 472-73.

⁴⁶ R. G. Adams: *Political Ideas of the American Revolution*. Durham: Trinity College Press; 1922. Philip Davidson: *Propaganda and the American Revolution*. Chapel Hill: University of North Carolina Press; 1941. C. H. Lincoln: *Revolutionary Movement in Pennsylvania*. Philadelphia: University of Pennsylvania Press; 1901.

situation in which numerous interests had to be represented and placated

The Constitutional Convention averted the plural executive for the nation, in its stead a powerful Chief Executive was provided. During the Federalist period premature presidential ambitions of the strong cabinet secretaries, Hamilton and Jefferson, made American leaders more conscious still of the need to curb executive pluralism. Thus President Adams wrote to Oliver Wolcott in 1797 that if the plan to set up the position of the Secretary of the Treasury 'as a rival to that of the president' succeeded, we would have 'a quintuple or a centuple executive directory, with all the Babylonish dialect which modern pedants most effect'.⁴⁷ Jefferson himself explained the failures of French Revolutionary experiments on the basis of 'those internal jealousies and dissensions of the Directory, which will ever arise among men equal in power, without a principal to decide and control their differences'.⁴⁸

Some of the keenest understanding of the dangers and potentialities of the plural executive came from (a) Alexander Hamilton who was probably the most skilled American administrator during the formative period and from (b) Franklin Roosevelt, who, as President, violated the established American principle of the single executive as often as he applied it.

(a) Letter from Alexander Hamilton to James Duane (1780)⁴⁹

Lately, Congress have gone into the measure of appointing Boards. But this is in my opinion a bad plan. A single man in each department of the administration would be greatly preferable. It would give us a chance of more knowledge, more activity, more responsibility, and of course more zeal and attention. Boards partake of a part of the inconveniences of larger assemblies. Their decisions are slower, their energy less, their responsibility more diffused. They will not have the same abilities and knowledge as an administration by single men. Men of the first pretensions will not so readily engage in them, because they will be less conspicuous, of less importance, have less opportunity of distinguishing themselves. The members of Boards will take less pains to inform themselves and arrive to eminence, because they have fewer motives to do it. All these reasons conspire to give a preference to the plan of vesting the great executive departments of the State in the hands of individuals.

⁴⁷ *The Works of John Adams* Boston: Little Brown and Company, 1852. Letter October 20 1797 vol 8 p 555.

⁴⁸ Letter from Thomas Jefferson to Monsieur Destutt de Tracy January 26 1811. *The Writings of Thomas Jefferson* Memorial Edition 1904 vol 13 p 15.

⁴⁹ Letter from Alexander Hamilton to James Duane 1780. Henry Cabot Lodge (ed.) *The Works of Alexander Hamilton* Vol 1 pp 219-20. Reprinted by permission of G. P. Putnam's Sons. Copyright, 1903 G. P. Putnam's Sons.

(b) The United States at War⁵⁰

The reorganization of machinery for defense, plainly necessary by the end of 1940, presented problems of statesmanship far more complex than those concerning the administrative structure of the Government. The issue in large measure was who was going to run the defense program. Given the strength of special interests in American society and the shortage of leaders generally regarded as attached to the national interest, the issue of who was to control was posed sharply by the demand for the appointment of a single defense czar. This suggestion clothed a variety of motives. Some people believed that such an arrangement was absolutely essential but others advocated it in the hope that the President would abdicate a large part of his responsibility to some person more to their liking. As it became clear that there would be a reorganization—and that there was at least a chance for a defense “czar”—a desperate struggle for position got under way. Industrial and financial groups sought to gain control of the defense program. The War and Navy Departments in the main were allied with them. Other groups, with equal zeal, fought to retain their gains of the preceding years and to prevent domination of the Government by industrial and financial interests. Mr. Knudsen, Defense Commission advisor on industrial production, and Mr. Hillman, Defense Commission advisor on employment, came to be regarded as spearheads of the industrial and labor groups respectively. Personally they were quite willing to accept whatever role the President assigned to them, but others energetically promoted their candidacy for a dominant role.

At a press conference on December 20, 1940, the President outlined in general terms the structure of the new Office of Production Management, details of which were to be spelled out in an Executive order. In his discussion with the press, the President ridiculed the notion that there could be found one “Czar,” “Poobah” or “Akhoond of Swat” who would embody all the characteristics necessary for handling defense mobilization. In the President’s analysis the problem had three elements, that of the buyer and user combined and those of management and labor. The Office of Production Management was to consist of these “three elements, divided among four people—the Director, Mr. Knudsen, and the Associate Director, Mr. Hillman” and the Secretary of War and the Secretary of the Navy.

The President’s exposition of the positions of the Director-General and the Associate Director-General at his press conference of January 7, 1941, gave no satisfaction to those who demanded a single-headed administration of the defense effort.

I suppose the easiest way to put it is that these four people—the Office of Production Management, Knudsen, Hill-

⁵⁰ *The United States at War*. Washington: Committee on Records of War Administration; 1946, selected from pp. 51–55.

man and the two Secretaries—fix the policy and then Knudsen and Hillman carry it out, just like a law firm that has a case say there are two partners and they carry it out as a law firm. Any body that knows anything about management will realize that that is the practical way to handle that kind of a matter, just like a law firm with two main partners.

Q Are they equals?

THE PRESIDENT That's not the point they're a firm. Is a firm equals? I don't know. See what I mean? Roosevelt and O'Connor was a law firm in New York there were just two partners. I don't know whether we were equal or not. Probably we might have disagreed in regard to a catch question of that kind but we never had a dispute or an argument.

Q Why is it you don't want a single, responsible head?

THE PRESIDENT I have a single, responsible head, his name is Knudsen and Hillman.

Q Two heads.

THE PRESIDENT No that's one head. In other words aren't you looking for trouble? Would you rather come to one law firm or two?

Q I don't think that's comparable.

THE PRESIDENT Just the same thing exactly. Wait until you run into trouble.

Q I would rather avoid trouble.

THE PRESIDENT I think they will. They think they will—that's an interesting thing.

Oddly enough they did avoid trouble. The partnership of a Danish immigrant turned assembly line genius and a Lithuanian immigrant who had achieved eminence in the labor movement worked much better than the critics foresaw. It worked well enough so that each could contribute his special talents at a time when they were most needed when mass production techniques had to be planned into an expanding munitions industry accustomed to small scale operation, and when government policy had to take special account of the problems incident to the fitting of masses of people into new jobs. At the same time the partnership symbolized a domestic political coalition in the national interest.

Apparently Roosevelt did not in this case heed the advice given by Francis Bacon in 1612 that 'it is better to choose indifferent persons than to make an indifferency by putting in those that are strong on both sides. Roosevelt was not alone, however, in violating the concept of single executive responsibility. This principle frequently suffers when basic organizational decisions must be made in complex administrative situations calling for the shrewd balancing of powers and personalities. As a general principle, however, Amen.

can administration follows the Hamiltonian distrust of plural executives or "operating" committees. Committees, councils, and boards, when faced with executive problems, may deliberate thoroughly,⁵¹ but they operate with difficulty.

Describing his wartime experience as a member of the British Cabinet's Military Coordinating Committee, Winston Churchill, although he was Prime Minister and Senior Service Minister as First Lord of the Admiralty, portrayed his fights with his other Service Ministers. When the war was over, he confessed: "Alas, I must write it; the central conflict had to be more like one ruffian blasting the other on the snout with a club, a hammer, or something better."⁵² A newer state like Soviet Russia has also experienced a change in the employment of collegiate executives and of soviets, literally committees, which in the early days of the Revolution managed everything. In the 1930's, factory management in Soviet Russia was transformed from the "triangle" system of supervision by the party leader, the labor union leader, and the factory manager, to individual control by the latter. Stalin had argued in 1930: "We can no longer tolerate our factories being transformed from productive organisms into parliaments."⁵³ In the administrative organization of the commissariats or ministries, the collegiate system was restored, not for "the performance of executive-administrative direction, but [for] systematic supervision of the execution of governmental decisions and checking up on the cadres in their practical work."⁵⁴

In recent years in the United States the committee has been employed as an instrument of co-ordination, although not always in an operational or executive setting.⁵⁵ During the war committees were extensively used in the War Production Board, but their operational activities were strengthened by the use of strongly empowered committee chairmen and by an extensive co-ordinating secretariat which served these committees constantly.⁵⁶ Interagency committees during the war and post-war periods, especially those in which State Department personnel carried the chairmanships, dealt with strategic

⁵¹ One of the most thorough and effective forms of committee deliberation was engaged in by the Atomic Energy Committee of the State Department under the chairmanship of David E. Lilienthal in 1946. See "Two Lessons in Group Dynamics." *Educators Washington Dispatch*, January 1948, Supplement.

⁵² Winston Churchill: *The Gathering Storm*. Boston: Houghton Mifflin Company, 1948, p. 587.

⁵³ Stalin: Report of the Central Committee to the Sixteenth Congress of the Communist Party, June 27, 1930. *Leninism*, vol. 2, p. 376.

⁵⁴ Julian Towster: *Political Power in the U.S.S.R., 1917-1947*, p. 292.

⁵⁵ Mary Trackett Reynolds: *Interdepartmental Committees in the National Administration*. New York: Columbia University Press, 1939.

⁵⁶ Robert L. Hubbell: "Techniques for Making Committees Effective." *Public Administration Review*, Autumn 1946, pp. 348-53.

and diplomatic matters on a high order," again, these committees seldom had administrative functions. In business as well as in government we notice a continual use of committees and plural or joint executives. The "executive vice president" is not always the powerful individual executive he is supposed to be, and the plural form of executive persists in practice. Industrial management has continued the use of the committee system, as in the case of the General Motors Corporation, sometimes for administrative and planning functions as well as for policy making purposes.

In American government examples of the strong plural executive are still found in the commission type of city government and in the powerful and independent administrative boards or commissions in the federal and state governments. In some states these boards consist of the governor, together with other ex-officio members who are independently elected cabinet members and whose administrative or executive powers are exercised in a collegiate relationship to the governor. In a state like Florida, for example, there were in 1945, thirty-eight ex officio administrative boards, of which thirty-two contained cabinet members. The governor served on twenty-four of these boards, the treasurer and attorney general on twenty-one each, the Secretary of state on fifteen, and other cabinet members on fewer boards. Under such a system, the governor is merely one among equals in a plural executive.⁸⁷ While this illustration is exceptional it is not unusual to find various other departures from the American principle of the single executive.

The American answer to this problem of the single versus the plural executive is therefore still a dual one. Primarily, the urge has been to assign a single executive who is responsible for action, but there has been a continual concession to the need for balancing different skills and representative interests.

8 THE PURPOSE OF ADMINISTRATIVE ORGANIZATION

The main purpose of organization remains that of fitting together individuals and their tasks as productively as possible. In describing this rudimentary purpose of organization, helpful contributions were made by (a) Luther Gulick, and (b) Roy F. Hendrickson, a civil servant who had extensive experience in personnel and organizational matters in the United States Department of Agriculture.

⁸⁷ House of Representatives Subcommittee of Committee on Appropriations. 80th Cong. 2nd Sess. Department of State Appropriation Bill for 1949. pp. 17-19.

⁸⁸ Florida Report of the Special Joint Economy and Efficiency Committee, March 1945. pp. 23.

(a) LUTHER GULICK

"Notes on the Theory of Organization"⁵⁹

Why Divide Work? Because men differ in nature, capacity and skill, and gain greatly in dexterity by specialization; because the same man cannot be at two places at the same time; because one man cannot do two things at the same time; because the range of knowledge and skill is so great that a man cannot within his life-span know more than a small fraction of it. In other words, it is a question of human nature, time, and space.

If subdivision of work is inescapable, co-ordination becomes mandatory. There is, however, no one way to co-ordination. Experience shows that it may be achieved in two primary ways. These are:

1. By organization, that is, by interrelating the subdivisions of work by allotting them to men who are placed in a structure of authority, so that the work may be co-ordinated by orders of superiors to subordinates, reaching from the top to the bottom of the entire enterprise.

2. By the dominance of an idea, that is, the development of intelligent singleness of purpose in the minds and wills of those who are working together as a group, so that each worker will of his own accord fit his task into the whole with skill and enthusiasm.

(b) ROY F. HENDRICKSON

"Organization"⁶⁰

Everyone in an organization should know who's who. Everyone should know where he fits into the organizational pattern. He should know his superiors and his proper relation to them—not so he will know when and where to kowtow, but so he will know to whom he may go for advice and counsel, to whom he must look for supervision, and to whom he may turn if necessary to find access to still higher authority. Some times an organization in which lines of authority are hopelessly confused rationalizes by explaining that clear-cut lines are unnecessary because everyone is so cooperative: it is just "one big, happy family." But men cannot do their best, floating aimlessly about in a sea of ill-defined "cooperation." Good intentions or mere cooperation is not enough. To be effective, cooperation must be directed. It must follow some pattern or plan.

In short, organization is the means of informing each participant where he fits and of assigning to each those elements of the total administrative process for which he is to be responsible.

⁵⁹ Luther Gulick: "Notes on the Theory of Organization." Luther Gulick and L. Urwick (eds.): *Papers on the Science of Administration*. Selected from pp. 3, 6. Reprinted by permission of Institute of Public Administration. Copyright, 1937, Institute of Public Administration.

⁶⁰ Roy F. Hendrickson: "Organization." *Personnel Bulletin*, United States Department of Agriculture, Office of Personnel, July 1940, vol. 1, p. 3.

9 THE BASIC ELEMENTS OF ORGANIZATION

How can these elements be identified in such a way that they can be properly distributed and assigned? Can these basic elements be handled as standard units, which are capable of grouping and regrouping under the various departments of an organization? Some of the most refined analytical work so far carried out in the attempt to describe the basic elements of organization was that done by (a) Frank Gilbreth, he was ably followed by a number of specialists in industrial management, including (b) Professor E. H. Anderson of the University of Alabama and Professor G. T. Schwenning of the University of North Carolina.

A contemporary of Frederick Taylor, Frank Gilbreth was one of the most brilliant minds in the scientific management movement. As an engineer, Gilbreth perfected the techniques of time and motion study, which provided the truly quantitative, measurable, and scientific roots of the entire movement. He started his research in what was thought to be the pedestrian technique of bricklaying,⁶¹ but kept applying his techniques to more activities and to more complicated industrial processes and managerial problems. Gilbreth was always testing, demonstrating, and criticizing the most established methods of accomplishing even the simplest tasks, such as the process of shaving. In the scientific field of time and motion study, Gilbreth was the inventor of the micromotion and chronocyclegraph process for the photographic and chronometric recording of the fundamental elements which constitute physical acts.

(a) FRANK B. GILBRETH

"The Classification of Work"⁶²

The literature of scientific management abounds with examples of units of work improperly called "elements," which are in no sense elements. A classification for finding The One Best Way to Do Work, must deal with true elements, not merely with sub-divisions that are arbitrarily called "elements." "Elements" should be taken for what they really are, namely, sub-divisions and not elements, and not confused with

⁶¹ Frank B. Gilbreth *Bricklaying System* Chicago: Clark Publishing Co., 1909. *Motion Study* New York: Van Nostrand Co., 1911. *Primer of Scientific Management* New York: Van Nostrand Co., 1912. "The Economic Value of Motion Study in Standardizing the Trade" *Industrial Engineering and Engineering Digest*, April-September 1910.

⁶² Frank B. Gilbreth "The Classification of Work" *Reducing the Cost of Business*. Report of proceedings of the Society of Industrial Engineers. Chicago: A. O. Horn Co., 1924. Publications of the S.I.E., September 1924, vol. 7, selected from pp. 105-09. Reprinted by permission of Lillian Gilbreth.

true elements, or fundamental units which cannot be further sub-divided [therlbigs].

The science of Motion Study consists, therefore, of finding The One Best Sequence of therlbigs for each kind of work and the science of management consists of deriving, installing and enforcing the conditions that will permit the work to be done repeatedly in The One Best Way.

This classification for finding The One Best Way to Do Work is applicable to all kinds of work. It was used by the author while serving as ranking officer in the field under the training committee of the General Staff, standardizing the methods of The One Best Way to Do Work for teaching the five million men and officers in the world war. It has also been used in analyzing the work of the surgeon, nurse, hospital management, large department stores, selling, a great many kinds of manufacturing, accounting, office work in general, and many other kinds of work.

The classification of all work of any and all organizations, for the purpose of finding The One Best Way to Do Work may be visualized as follows:

1. A complete organization, which consists of
2. Processes, such as

A—Financing	H—Manufacturing
B—Advertising	I—Planning
C—Marketing	J—Teaching
D—Distributing	K—Charting
E—Selling	L—Maintaining
F—Accounting	M—Filing
G—Purchasing	

These processes consist of

3. Operations, which consist of
 - Cycles of motions, which consist of
 - Sub-divisions, or events, or therlbigs of a cycle of motions which consist of

A—Search	K—Pre-position for Next Operation
B—Find	L—Release Load
C—Select	M—Transport Empty
D—Grasp	N—Rest for Overcoming Fatigue
E—Transport Loaded	O—Other Periods of Unavoidable Delay
F—Position	P—Avoidable Delay
G—Assemble	Q—Plan
H—Use	
I—Disassemble	
J—Inspect	

It is conceivable that sometime in the future an eighteenth and possibly more therlbigs will be found. and we seem near to their discovery

at the present time. The discovery of additional theribigs pertaining to the phenomena of skill and automaticity seems inevitable.

Under 1, a complete organization are included all kinds of organizations including financial, industrial, commercial, professional, educational and social. Under 2, processes, it should be noted that all processes are divided in the same way from a Motion Study analyst's standpoint regardless in which department or in which function they are found. Under 3, operations, the operations include mechanical as well as physiological—and mental as well as manual.

The reasons for these inclusions are: (a) From the Motion Study standpoint there are not always clean dividing lines between the operations of devices and the mental and manual operations of the human being, for they are often mutually interchangeable, sometimes in part and sometimes in whole. (b) Records of many and probably all mental operations can now be obtained by the chronocyclegraph and micromotion photographic methods, and each year such photographic records can more and more be deciphered and used to practical advantages. Enough can already be read and used to serve our present needs. Careful examination of all our old micromotion and chronocyclegraph films taken under conditions of actual practice show that they are literally full of examples of such records of mental process.

(b) E. H. ANDERSON AND G. T. SCHWENNING

*The Science of Production Organization*⁶³

The final factor in industrial work to be considered, and no doubt the most important of all, is what may be designated as creative or purely intellectual work. Such a factor has largely evaded all attempts of scientific analysis, except, to some extent, at the hands of the psychologists and metaphysicians. Of course much has been learned about such a factor, the conditions affecting such work, etc., but it still remains inextricably associated with certain individual persons in the form of skill, artistry, education and training, common sense and good judgment, or understanding of human nature, and so on. The theribigs Plan and Decision are mere pauses to allow for perhaps eye focus or reaction time; they do not involve creative thinking of a high order. It is hardly conceivable that the human mind will in the near future, if ever, be able to analyze completely its own process and reduce it to the terms of any sort of standardized elements. This factor must probably always remain the great illimitable reservoir of unexplored forces.

Thus, routines and systems are merely forms of organization of work. The principle is the same here as elsewhere, namely, that every individual performance should be reduced to its elements, be these ele-

⁶³ E. H. Anderson and G. T. Schwenning, *The Science of Production Organization*, New York: John Wiley and Sons, Inc., 1938. Selected from pp. 71-83. Reprinted by permission of E. H. Anderson and G. T. Schwenning.

ments therlbigs or items of technical knowledge, and that these elements should then be combined with others, to form convenient units of work, and the units so combined that the entire work of the enterprise is thoroughly integrated and organized. Even the work of management itself is susceptible of the same scientific process of analysis and synthesis. It too may be routinized, charted, and codified under the general headings of principles and policies.



If the system of analysis by *Therlbigs* is, as Anderson and Schwenning suggest, applicable to intellectual, administrative, and managerial functions, we have here a device for determining standard elements which can be grouped or regrouped into almost endless combinations and permutations, for the purpose of organizing any series of people and activities into any set of departments and divisions.

10. PRINCIPLES OF ORGANIZATION

Gilbreth's minute analysis of organization in terms of its most elemental units has been matched by an attempt to synthesize human organizational experience under certain general principles. James D. Mooney, who was one of the first observers to make such an effort, was both an experienced industrial manager and a keen student of the science of organization. As an engineer-administrator who became vice-president in charge of the overseas operations of the General Motors Corporation, Mr. Mooney was responsible for a vast commercial organization. He also participated in military organizational matters. In World War I he was an Army officer and in World War II he served on the staff of the Chief of Naval Operations. His treatise on organization, which was first published in 1931 in collaboration with his colleague, Alan C. Reiley, reflects Mooney's historical and church studies as well as his commercial and military experience.

JAMES MOONEY

The Principles of Organization⁶⁴

While many brilliant writers and speechmakers have been battling passionately about communism, fascism, socialism, and democracy, our studies of how governmental organizations actually function have forced us to the conclusion that there is little significance to these terms. Indeed, it has been our general observation that not only in different

⁶⁴ James Mooney: *The Principles of Organization*. Adapted from pp. 14-15, 94-95. Reprinted by permission of Harper & Brothers. Copyright, 1947, Harper & Brothers.

countries, but from generation to generation men go on organizing their governments and earning their living in much the same manner. Notable changes and improvements can be credited from time to time to the scientists and engineers, and in general to improved technology, but throughout history economic laws and the processes of production and distribution display an utter contempt for changes in the political complexion of government. In appraising the many experiments in governmental organization that are being tried currently throughout the world, it is important that we should not be thrown off the track by the circumstance that the various revolutionary movements or changes in government have adopted different symbols around which to rally supporters. The vital point is the plain fact that, once the controlling group gets into power, the practical circumstances of the situation force the new leaders to organize the government according to principles of organization that are as old as the hills.

The scalar principle is the same form in organization that is sometimes called hierarchical. But, to avoid all definitional variants, scalar is here preferred. A scale means a series of steps, something graded. In organization it means the grading of duties, not according to different functions for this involves another principle of organization, but according to degrees of authority and corresponding responsibility. For convenience we shall call this phenomenon of organization the scalar chain. The common impression regards this scale or chain merely as a 'type' of organization characteristic only of the vastest institutions of government, army, church and industry. This impression is erroneous. It is likewise misleading for it seems to imply that the scalar chain in organization lacks universality. These great organizations differ from others only in that the chain is longer. The truth is that wherever we find an organization even of two people related as superior and subordinate, we have the scalar principle. This chain constitutes the universal process of coordination, through which the supreme coordinating authority becomes effective throughout the entire structure.

Other attempts to identify the principles of organization have been made by students like Russell Robb and Alvin Brown⁶³ but none has been so definite or doctrinal about having discovered the universal principles, as Mooney in expressing his scalar or hierarchical view. Influenced by the Mosaic hierarchy, which, he points out, was governed through "rulers of thousands, rulers of hundreds, rulers of fifties and rulers of tens," and impressed also with his studies of the church hierarchy, which, along with the army, he regarded as "the most efficiently organized" in comparison with state and industry, Mooney elaborated his concept of scalar organization into a

⁶³ See Chapters 9-10.

scholastic set of doctrines.⁶⁶ By means of this logical analysis, he progressed by triads and arrived at a total of nine principles of organization. L. Urwick, another recognized authority in the field of administrative organization, has accepted Mooney's analysis. Although this approach offers a systematic presentation of organizational doctrine, it is typical of the in-breeding of ideas in this field. For his convenient triad-type combination of organizational principles Mooney cites Urwick as his authority (apart from his citation of the medieval mystic, Dionysius the Areopagite);⁶⁷ and Urwick cites Mooney.⁶⁸

There is more agreement, as we shall see, upon the practical precepts of organization and reorganization, such as the need for "unity of command" or the requirement that "authority should be commensurate with responsibility—precepts which are distinctly related to the scalar principle. As for universal principles, which, like the scalar, would apply to organizations of all types and under all conditions, there has been little agreement. Rather than enter into the controversy over principle, we here accept the view that there are several useful approaches to a basic study of organization. One of these is the scalar or hierarchical approach which has been introduced in this chapter; another is the staff-and-line approach (Chapter 10); and a third is the spatial or geographical (Chapter 12). While the scalar, staff-and-line and spatial approaches may represent basic phases of administration, there are other enlightening ways to approach the subject of organization. Thus illustrative types of organization may be studied (Chapter 9); regardless of doctrine, the organization may be studied in actual operation and practice (Chapter 11); and the process of reorganization may be analyzed (Chapter 13).

SUMMARY

Organization is more than a matter of the structure of an individual enterprise or a department of government. It involves as its basic elements the physical acts of production and management or the intellectual acts of management and administration; and its main

⁶⁶ Mooney: *The Principles of Organization*, pp. v, 20, 47. Anthropologists have described other cultures which have, apparently independently, developed administrative pyramids similar to the Mosaic. P. A. Means: *Ancient Civilization of the Andes*. New York: Charles Scribner's Sons; 1931, p. 292.

⁶⁷ Mooney: *The Principles of Organization*, pp. 45-6, 104. See both the 1939 and the 1947 editions of Mooney.

⁶⁸ L. Urwick: *The Elements of Administration*. New York and London: Harper & Bros.; 1943, pp. 42-3.

object is to secure an effective grouping of these elements or acts and of the human beings who perform them. Consequently, there are besides such technical organizational matters as administrative departmentalization or time and motion study, broader organizational issues concerning the relations between men and groups in a multi-group society. However, these broad issues and the technical questions converge as we try to fit individual men or women into jobs or activities, jobs or activities into agencies or departments, and agencies or departments into economies or governments. And the point at which they seem to converge is the position of the individual in relation to his group or multi-group society.

So far as the individual is concerned there is something in the organizational habits that have grown up in the United States since its founding which points to a preference for the single responsible executive despite—indeed because of—the forces pulling in the other direction and demanding a plural or even a “representative executive.” Under a relatively flexible democratic setting and a pragmatic administrative system like that which prevails in the United States, vigorous deliberating committees or boards and powerful operating commissions along with forceful individual executives will always be necessary. This necessity embraces the relations of the President to Congress as it does the relations of any organization executive to his board. We have not yet finished with congresses, commissions and committees, although, paradoxically, we are growing more and more dependent upon single responsible executives.

No sooner does one start to study these higher problems of organization, than one encounters the debate between individualism and collectivism, between capitalism and socialism. Long before the British launched their post war program of nationalization, L. Urwick, relatively moderate in his point of view, stated “No man whatever his political complexion, who has any practical experience of administration today, really pretends to himself that a mere shift of ownership in the means of production, or in the right to its surplus, will make any fundamental difference in industrial relations. Whatever the ownership of industry the real hardships will continue unless there is a fundamental change in organization and methods.”⁶⁹ If this statement proves to be true, the problem of organization will resolve itself into something other than the conflict between capitalism and collectivism or between public organization and private organization.⁷⁰

There are some observers who are less hopeful about this issue,

⁶⁹ L. Urwick *Management of Tomorrow* London: Nisbet & Co., 1933 pp. 143-44

⁷⁰ See Chapter 1, sec. 6

which Bertrand Russell has termed *Freedom Versus Organization*.⁷¹ Protesting against the anti-individual effects of modern organizational technology as a whole, the German liberal, Friedrich Georg Juenger, complained in 1948: "The technician himself does not grasp these consequences and does not understand them. . . . True enough, the machinery he has developed is ingenious down to the last screw. But the last screw is where the technical genius ends; for what lies beyond he has no thoughts."⁷²

The technician who sets out to master the science of organization today concerns himself with much more than the perfect chart or the last screw. He understands, contrary to contemporary critics like Juenger, that organization, even in its depressive connotations, is as old as mankind. He knows from his reading of human experience that organizations cannot be dispensed with, but they can certainly be effectively used and responsibly controlled, providing they are properly constructed and operated. This will take a knowledge that exceeds any one aspect of organizational science: departmental organization, single versus plural executives, congressional or commission forms, parliamentary and presidential systems, capitalist versus collectivist organizations.

There is need to test and to apply some of the simplest lessons, not merely the theoretical doctrines, of private and public organizations. This includes the lesson that among the basic elements of organization are not only the micro-motions produced by time-and-motion studies of physical acts or the "psycho-motions" of the intellectual and non-physical activities involved in administration, but also the individual men and women who are acting or being acted upon as total personalities. When the individual is more fully recognized as a basic unit in the emerging science of organization, it will become more apparent that the static subject of organization is a vital force in a dynamic society.

⁷¹ Bertrand Russell: *Freedom Versus Organization*. New York: W. W. Norton & Company, Inc.; 1934.

⁷² Friedrich Georg Juenger: *The Price of Progress*. The Human Affairs Pamphlets; 1948, No. 33, pp. 20-21. See also *The Failure of Technology: Perfection Without Purpose*, Hinsdale, Illinois: Henry Regenery Co.; 1948.

CHAPTER NINE

TYPES OF ORGANIZATION

IN ANY GOVERNMENT, economy or society, we notice a number of possible combinations of responsibilities, activities, and individuals, into groupings, departments, or bureaus. Theoretically, this possibility offers an almost endless choice among types of organization. Generally, however, this choice is restricted by the practical requirements of the institution concerned and by the established organizational patterns of the society involved. It is difficult, therefore, to arrive at a standard classification of organizational types. Nevertheless, we can describe a variety of types by drawing from the vast body of social experience with regard to organizational structure. In this chapter, the following illustrations have been selected:

- 1 Organization in the Greek city state
- 2 German departmental organization
- 3 Soviet administrative organization
- 4 Organization of American executive departments
- 5 The government corporation
- 6 Congressional organization
- 7 American political party organization
- 8 International organization
- 9 American labor organization
- 10 Industrial and other types of organizations

Selection of these types for presentation in this chapter should not imply that they offer the only useful organizational experience. Other prevalent and fruitful types of organization in government and business will be presented in greater detail in subsequent chapters.¹

¹ See Chapters 12 and 13.

1. ORGANIZATION IN THE GREEK CITY-STATE

The Greek city-state was a nation of municipal or provincial proportions, but the Greeks also experimented with a league of city-states, that is, a form of international organization under the Amphietyonic Council. Although Aristotle's Athens consisted of some 40,000 citizens, besides women and children, some 24,000 aliens and about 100,000 slaves, it was not a simple structure in terms of the departments of its government. Possibly because of the organizational problems facing Greek politics, Aristotle made a thorough comparative study of organization, bringing together much of the experience of the known world. The great Aristotelian scholar, Werner Jaeger, reports in his chapter on "The Organization of Research" that Aristotle used a collection of 158 constitutions in his comparative analysis of governmental structure; and he reports further that for the gathering of this organizational data, the ancient philosopher "must have employed a very large number of researchers . . . while he was head of a great school within which he could train fellow workers suited to his purpose."² Aristotle's description of the allocation of functions among the "magistracies" of his contemporary state is revealing because of the similarities with modern types of organization despite differences in emphasis and terminology.

ARISTOTLE

The Politics³

For without the indispensable magistracies a state cannot exist, while without those that contribute to good order and seemliness it cannot be well governed. It must therefore be kept in view what kinds of magistracies it is desirable to combine and what kinds to keep separate.

First among the indispensable services is the superintendence of the market, over which there must be an official to superintend contracts and good order; since it is a necessity for almost all states that people shall sell some things and buy others according to one another's necessary requirements. Another superintendency connected very closely with this one is the *curatorship of public and private properties* in the city, to secure good order and the preservation and rectification of persons' estates, so that disputes may not arise about them, and all the other duties of superintendence similar to these. An office of this nature is in most states en-

² Werner Jaeger: *Aristotle, Fundamentals of the History of His Development*. Oxford: Clarendon Press; 1934, p. 327.

³ Aristotle: *The Politics*. Translated by H. Rackham. New York: G. P. Putnam's Sons; 1932. Selected from Book VI, Chap. 5. Reprinted by permission of Harvard University Press. Copyright, 1932, Harvard University Press.

ed that of City-controller, but it has several departments, each of which filled by separate officials in the states with larger populations, for instance Curators of Walls, Superintendents of Wells, Harbours guardians and another office also is indispensable and closely akin to these, for it controls the same matters but deals with the country and the regions outside the city, and these magistrates are called in some places Land Controllers and in other Custodians of Forests

These then are three departments of control over these matters. There is another office is that to which the revenues of the public funds are paid in, the officials who guard them and by whom they are divided out to the several administrative departments these magistrates are called Receivers and Stewards. Another magistracy is the one that has to receive the written return of private contracts and of the verdicts of the law-courts, and with these same officials the registration of legal proceedings and their execution have also to take place. In some states this office also is divided into several but there are places where one magistracy controls all these matters, and these officials are called Sacred Recorders, Superintendents, Recorders and other names akin to these. And after these is the office connected with it but perhaps the most indispensable and most difficult of all the one concerned with the execution of judgement upon persons convicted in suits and those posted as defaulters according to the lists, and with the custody of prisoners. This is an irksome office because it involves great unpopularity, so that where it is not possible to make a great deal of profit out of it men will not undertake it, but it is necessary, because there is no other way in trials being held about men's rights when the verdicts are not put into execution.

These magistracies therefore must be counted first as supremely necessary, and next to them must be put those that are not less necessary but are ranked on a higher grade of dignity, because they require much experience and trustworthiness, in this class would come the magistracies concerned with guarding the city and those assigned to military requirements. And the officers of this sort are entitled Generals or War lords. And moreover if there are also cavalry or light infantry or archers or a navy, sometimes a magistracy is appointed to have charge of each of these arms, and they carry the titles of Admiral, Cavalry-commander and Tactician, and also the divisional commissions subordinate to these of Captains of Triremes, Company-commanders and Captains of Tribes, and all the divisions of these commands. But the whole of this sort of officers constitute a single class, that of military command.

Inasmuch as some of the magistracies, if not all, handle large sums of public money, there must be another office to receive an account and subject it to audit, which must itself handle no other business, and these officials are called Auditors by some people, Accountants by others, Assessors by others and Advocates by others. And by the side of all these offices is the one that is most supreme over all matters, for often the same magistracy has the execution of business that controls its introduction, or

presides over the general assembly in places where the people are supreme; for the magistracy that convenes the sovereign assembly is bound to be the sovereign power in the state. It is styled in some places the Preliminary Council because it considers business in advance, but where there is a democracy it is more usually called a Council.

This more or less completes the number of the offices of a political nature; but another kind of superintendence is that concerned with divine worship; in this class are *Priests* and *Sacrificial Officers* and *Temple-guardians* and *Stewards of Sacred Funds*. And connected with this is the office devoted to the management of all the public festivals which the law does not assign to the priests but the officials in charge of which derive their honor, from the common sacrificial hearth, and these officials are called in some places *Archons*, in others *Kings* and in others *Presidents*.

Peculiar to the states that have more leisure and prosperity, and also pay attention to public decorum, are the offices of *Superintendent of Women*, *Guardian of the Laws*, *Superintendent of Children*, *Controller of Physical Training*, and in addition to these the superintendence of athletic and Dionysiac contests and of any similar displays that happen to be held. Some of these offices are obviously not of a popular character, for instance that of *Superintendent of Women* and of *Children*; for the poor having no slaves are forced to employ their women and children as servants.



The city-state of Greece had thus developed a comprehensive type of governmental structure, comprising the major modern departments, with the addition of agencies supervising the entire range of social affairs from religion to gymnastics. From the standpoint of departmental organization, Aristotle regarded the army and navy as constituting "a single class, that of military command," whereas, as we shall see,⁴ this integrated conception is not yet completely accepted in more modern states like our own.

2. GERMAN DEPARTMENTAL ORGANIZATION

A more highly integrated type of organization is that of the modern German state, for the German preoccupation with rational and efficient administration extends into the organizational sphere. The German type, as it existed during the National Socialist era under Hitler, is described below by Professor James K. Pollock, teacher of political science at the University of Michigan for a quarter of a century; consultant to federal agencies such as the Department of Labor; War Department adviser on military government in Germany following World War II; and a member of the Commis-

⁴ See Chapter 13.

sion on Organization of the Executive Branch of the Government, the so-called Hoover Commission, appointed in 1947 to reconsider the administrative structure of the Federal government.

JAMES K. POLLOCK

The Government of Greater Germany^{*}

By way of summarizing the nature of the German administrative organization a number of important characteristics should be pointed out. First of all the central administration is the organizing authority for subordinate administration, thus being free to plan its own machinery and to develop as much flexibility or rigidity in administration as it likes. In the second place, all special agencies of public administration with the exception of those at present directly under the Führer are placed under the jurisdiction of some department. German practice does not permit boards, commissions, agencies, offices or public corporations to have an independent position. They must all be subordinated to and supervised by, some appropriate department. In this way it is possible for adequate control to be exercised over every single government activity. Third, the German administrative machine is hierarchical in organization so that every agency and authority is subject to the supervision and control of the next higher authority. This organization has produced the strong administrative control which is one of the important features of the German system. Such system tends to be very complex and to develop "red tape." But it is highly efficient and avoids the looseness and irregularities which are so noticeable in the United States.

Fourth, administrative authorities are given powers equal to the tasks imposed upon them. Consequently, they may take whatever measures are necessary to carry out orders. Fifth, with the elimination of the former German states a unified command over all of the authorities of the whole Reich has been established. Although the form of this territorial control has not yet been permanently fixed, a unitary organization has supplanted a federal one. This fact when taken together with the strong discipline which has always existed within the ranks of the civil service, gives Hitler a better organization for the carrying out of his program than has ever before been possessed by a German leader. Sixth, one should note that there has been on the whole a logical grouping of functions within departments. Seventh, in important areas of administration, advisory councils of experienced citizens are associated in an honorary capacity with administrative authorities, in order to give the latter the benefit of their special knowledge, and also to keep administration close to the pulse of the people. Finally, at the present time, due to the uncertain status of the regular administrative courts in the leader state, the former judicial con-

^{*}James K. Pollock, *The Government of Greater Germany*, Pp. 102-04. Reprinted by permission of D. Van Nostrand Company, Inc. Copyright 1938 D. Van Nostrand Company, Inc.

trol over administrative acts, which was the basis for much admiration of the German administrative system, is no longer of prime importance. In a word, German administration is organized in a very efficient manner, and has developed an admirable system of supervision and control which eliminates much of the looseness and ineffectiveness in administration which is noticeable elsewhere.

Will this precise Prussian-like pattern of organization survive the defeat of two world wars and the precariousness of Germany's central European position during the post-war period? Or can the rigid organizational habits of the Germans be influenced by considerations other than the system of logical and rational structure to which German culture has been accustomed?

3. SOVIET ADMINISTRATIVE ORGANIZATION

Less integrated in form, but perhaps more severely co-ordinated in control, is the Soviet economic state. Professor Julian Towster of the University of Chicago objectively described in 1948 the Soviet departmental organization in the following terms:

JULIAN TOWSTER

Political Power in the USSR ^a

The Ministries—formerly the Commissariats. By the summer of 1946 this central system of organs of the Council of Ministers consisted of 55 ministries, less than a dozen committees and councils, and about half a dozen chief administrations, as well as a number of other organs attached to it. The ministries of the USSR are two kinds: all-Union and Union-republic. The all-Union ministries direct the branches of state administration entrusted to them throughout the territory of the USSR either directly or through organs appointed by them, while the Union-republic ministries of the USSR do so, as a rule, through corresponding ministries of the Union-republics [Ukraine, White Russia, etc.], administering directly only a limited number of enterprises in accordance with a list confirmed by the Presidium of the Supreme Soviet of the USSR. The following are all-Union ministries at present: Foreign Trade, Railways, Communications (Post, Telegraph, and Telephones), Maritime Transport, River Transport, Coal Industry of the Western Areas, Coal Industry of the Eastern Areas, Oil Industry of the Western and Southern Areas, Oil Industry of the Eastern Areas, Power Stations, Electrical Industry, Ferrous Metallurgy, Non-Ferrous Metallurgy, Chemical Industry, Aviation

^a Julian Towster: *Political Power in the USSR*. Pp. 280-82. Reprinted by permission of Oxford University Press. Copyright 1948, Oxford University Press.

Industry, Shipbuilding Industry, Agricultural Machine-Building Industry, Armaments, Heavy Machine-Building Industry, Automobile Industry, Machine and Instrument Building, Agricultural Stocks, Construction of Heavy Industry Enterprises, Construction of Military and Naval Enterprises, Cellulose and Paper Industry, Machine Tool Industry, Rubber Industry, Construction of Fuel Enterprises, Road and Construction Machine Building, Transport Machine Building, Geology, Medical Industry, Communications Industry, Material Reserves, Food Reserves, and Labor Reserves

The Union republic ministries are Armed Forces, Foreign Affairs, Food Industry, Fish Industry—Eastern Areas, Fish Industry—Western Areas, Meat and Dairy Industry, Light Industry, Textile Industry, Timber Industry, Agriculture, Finance, Trade, Internal Affairs, State Securities, Justice, Public Health, Building Materials Industry, State Control, Higher Education, Cinematography, Gustatory Industry, and State Farms. As the process of breaking up ministries into several new units and transforming committees, councils, and chief administrations into ministries continues, these lists of ministries can be expected to undergo further changes.

The Committees, Councils, and Chief Administrations. The Council of Ministers now has committees on Arts, Radio, Physical Culture and Sports Measures and Measuring Instruments, Geological Matters, Standards, Defense, and Architecture. It has councils on Collective Farm Affairs, Affairs of the Russian Orthodox Church, and Affairs of Religious Denominations. And it also has chief administrations of Civil Aviation, Forest Guarding and Forest Planting, Geodesics and Cartography, the Hydro-Meteorological Service, the Northern Sea Route, Producers and Consumers Co-operatives, Military Construction, and the Sulphate-Alcoholic and Hydrolytic Industry. Also there are other bodies attached to the Council of Ministers: State Arbitration Commission, the Migration Administration, the Main Committee on the All-Union Agricultural Exhibition, the Academy of Sciences of the USSR, and the Telegraph Agency of the Soviet Union (TASS). The machinery of the committees and chief administrations follows mostly the all-Union ministry type of structure.

Supervisory Auxiliary Organs. In addition to all these bodies, the Council of Ministers has a number of organs of a supervisory auxiliary or of a preparatory nature: the Economic Council, the State Planning Commission, the [Bureau of] Administrative Affairs, and the Secretariat.

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This structure is an unconventional type of organization, but considering the objectives and circumstances of the Soviet state, not an unnatural one. In true Marxian style, the all-Union or national departments are almost exclusively industrial or economic in nature. And for reasons of international politics, the Soviets have dared,

nominally and temporarily, to decentralize crucial functions like defense and foreign relations.

#### 4. ORGANIZATION OF AMERICAN EXECUTIVE DEPARTMENTS

One hundred and fifty years previously, the new American government, faced with a different set of crises, laid the pattern of a departmental organization less dominated by economic considerations. However, the Federal departmental organization was modified by continuing reorganizations after the 1930's, which took into account intervening social and economic developments.<sup>7</sup> The broad framework of the executive departments of the United States was described in the following terms by the President's Committee on Administrative Management in 1937.

##### **PRESIDENT'S COMMITTEE ON ADMINISTRATIVE MANAGEMENT**

##### **"The Executive Branch Today"<sup>8</sup>**

At the beginning, in 1789, there were but four departments: State, War, Treasury, and the Attorney General. The General Post Office was permanently established in 1794, and 4 years later, the Navy Department was created. Thus, by 1800 there were six departments, all of them directly under the President in accordance with the constitutional principle of the separation of powers. For the next 50 years there was no change. Then came the creation of the Department of the Interior in 1849, of Agriculture in 1889, and of Commerce and Labor in 1903, from which the Department of Labor was separated in 1913. Two new kinds of governmental agencies made their appearance in the generation after the Civil War. They were, first, executive agencies under the President but not connected with any department, such as the Civil Service Commission (1883); and, second, independent regulatory agencies, such as the Interstate Commerce Commission (1887) which were neither placed under the President nor connected with any department. Many additional agencies of these types appeared in subsequent years.

During the [First] World War a large number of new agencies were established. These were chiefly councils, boards, commissions, administrations, and governmental corporations, and though not legally connected with the regular departments, they were definitely within the Executive Branch and under the President. During the recent depression similar need for emergency action has resulted again in the establishment

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<sup>7</sup> See Chapter 13.

<sup>8</sup> President's Committee on Administrative Management: "The Executive Branch Today." *Administrative Management in the Government of the United States*. 1937, selected from pp. 31-32.

of a large number of new agencies. These include administrations, boards, commissions, committees, governmental corporations, and authorities. The novel elements in this period are the extended use of the [government corporation] and the introduction of the 'authority.' Most of these agencies have been placed in the Executive Branch and under the President but in the main they have not been connected by law with the regular departments.

As a result of this long development, there [grew up] in the Government of the United States over 100 separately organized establishments and agencies presumably reporting to the President. Among them are the 10 regular executive departments and the many boards, commissions, administrations, authorities, corporations, and agencies which are under the President but not in a department.<sup>9</sup> There are also a dozen agencies which are totally independent—a new and headless 'fourth branch' of the Government.

The Executive Branch of the Government of the United States has thus grown up without plan or design like the barns, sheds, silos, tool sheds, and garages of an old farm. To look at it now, no one would ever recognize the structure which the founding fathers erected a century and a half ago to be the Government of the United States.

A more planned and integrated executive structure did begin to form, however, partly as a result of the work of agencies like the President's Committee on Administrative Management and its successors. Thus, although there was no immediate action on the Committee's recommendations for the addition of a Department of Public Welfare and a Department of Public Works, a Federal Security Agency and a Federal Works Agency were established in the 1930's. To these agencies were transferred virtually all of the activities that would normally be assigned to well integrated departments under similar names.<sup>10</sup> At the state and local government level, the structure of organization has been undergoing a similar development. Although some cities and states still retain the vestiges of unintegrated departments and ex officio boards, many have adopted a completely simplified pattern which is even more integrated than that of the Federal government.<sup>11</sup> American organization may not be as logical as the German form or as comprehensive as the Soviet type, but it possesses an element of practicality and flexibility that is a true reflection of the pragmatic American outlook toward government.

<sup>9</sup> See Chapter 13.

<sup>10</sup> A. E. Buck, *The Reorganization of State Governments in the United States* (New York: The Columbia University Press, 1938). National Resources Committee, Supplementary Report of the Urbanism Committee, *Urban Government*, Vol. 1, part 1, sec. 5, see Chapter 8.



## 5. THE GOVERNMENT CORPORATION

One of the mechanisms for achieving greater flexibility in the American structure is the government corporation, a borderline device between the government department and the economic enterprise. After a traumatic experience with the incorporation of canal and banking enterprises under the state governments in the nineteenth century, the United States resumed the use of the government corporation at the national level previous to World War I.<sup>11</sup> This type of organization is here described by two authorities: (a) Herbert Emmerich, an administrator of governmental banking and housing corporations, and subsequently director of Public Administration Clearing House; and (b) Charles Abbott, a professor at the Harvard Graduate School of Business Administration, who had some experience in the governmentally owned War Shipping Administration.

### (a) HERBERT EMMERICH

#### "Government Corporations and Independent Supervisory Agencies" <sup>12</sup>

For convenience in describing the various kinds of Government corporations and to determine the appropriate degrees and kinds of governmental supervision, they may be divided into two broad categories: Federal "business corporations" and Federal "governmental corporations."

*Federal "business corporations"* is the term used here to designate corporations which are federally chartered and in which private rights are represented by stock ownership and board representation. Federal business corporations are usually authorized as a part of a permanent national system and have been engaged principally in the field of banking and credit. The introduction of private ownership and representation creates an element of contractual relationship which necessarily limits subsequent arbitrary rearrangements of their fiscal structures by the Government. As of October 1, 1936, there were approximately 14,000 Federal business corporations, in contrast to about 90 Federal governmental corporations. Federal business corporations are usually institutions serving either a local community or a region. The localized group includes national banks

<sup>11</sup> Reginald C. McGrane: *Foreign Bondholders and American State Debts*. New York: Harper & Brothers; 1924. Harold Van Dorn: *Government Owned Corporations*. New York: Alfred A. Knopf; 1926.

<sup>12</sup> Herbert Emmerich: "Government Corporations and Independent Supervisory Agencies." President's Committee on Administrative Management: *Report with Special Studies*. 1937, selected from pp. 300-01.

(numbering 5 374), national farm loan associations (5,028), Federal credit unions (1,739), joint stock land banks, in liquidation (47), Federal savings and loan associations (1,183), and production credit associations (554)

*Federal 'governmental corporations'* is the term used here to designate corporations (whether incorporated under Federal or State charter) which are federally owned and controlled. In these organizations a majority of the stock is owned by the United States and no member of the board of directors is elected or appointed by private interests. Governmental corporations number about 90. Certain of them were incorporated under State charters during the World War and are now inactive. Others were created during the present emergency to carry on emergency relief work or construction programs of various kinds. The Commodity Credit Corporation and the Federal Surplus Commodities Corporation are examples of this emergency type. There are certain older operating services under State charter, such as the Panama Railroad and the Alaska Railroad. The Inland Waterways Corporation was created under Federal charter. The largest and most important corporations of the wholly owned type, however, were federally chartered by the Congress during the present emergency.

#### (b) CHARLES ABBOTT

##### "Federal Corporations and Corporate Agencies"<sup>12</sup>

No governmental development since the World War [I] contains consequences more far reaching and more important for the people of the United States than does the multiplication and proliferation in the last six years of those bodies known to the lay mind as 'alphabetical' or 'government corporations' and commonly designated in the statutes dealing with them as agencies or instrumentalities' of the Federal Government. A few of the amazing multitude of corporate agencies that currently festoon the Federal Government date from the war period or from the twenties, but the great majority have come into being since 1932. Although many of these agencies were originally created as temporary bodies designed to meet an emergency, others—such as the Tennessee Valley Authority—were not, with the passage of time the pretense of transient existence has, in the case of many of the emergency bodies, been abandoned, so that these corporations, collectively if not individually, now represent a permanent element in American society.

These bodies achieve their importance partly because of the vast sums of money at their command and the burdens which they place on the Federal finances, partly because of the great variety of their undertakings and the different portions of society their operations affect, partly

<sup>12</sup> Charles Abbott, *Federal Corporations and Corporate Agencies*. *Harvard Business Review* Summer 1938, vol. 16, selected from pp. 436-37. Reprinted by permission.

because of the number of their employees and the tremendous financial and political power concentrated in the hands of the small number of men who control them. The direct financial interest of the government in these bodies can be estimated only with great difficulty, but it appears to be upwards to five billions of dollars, and the indirect interest is of much greater proportions. The American Telephone and Telegraph Company, the country's largest private corporation, has assets valued at slightly more than three billions of dollars, and an equity of about two and one-third billions.

The activities of these bodies range from loans to individuals as small as \$10, made by the Emergency Crop and Feed Loans division of the Farm Credit Administration, to single loans amounting to millions of dollars extended by the Reconstruction Finance Corporation. Their operations comprise such diverse undertakings as the insurance of mortgages, as large as \$5,000,000 on a single piece of property, by the Federal Housing Administration, the manufacture of rum and the raising of chickens and tomatoes by the Virgin Islands Company, and the operation of the Alaska and Panama Railroads. Their enterprises include the construction and operation of vast hydro-electric undertakings by the Tennessee Valley Authority and the Boulder Dam, Bonneville, and Grand Coulee projects, as well as the financing of consumer purchases of domestic electrical appliances, such as stoves and refrigerators, by the Electric Home and Farm Authority. The list of their activities could be extended almost interminably, and their directors, officers, and employees are to be numbered in the tens of thousands. But the real control of these corporations rests in the hands of perhaps a hundred men. What the ultimate effect of this vast superstructure of corporate and semi-corporate entities will be on American life, on wage-earners and businessmen, on banking and agriculture, on the behavior of the trade cycles and the standard of living of the common man, it is impossible to foresee.

Of all the structural devices available to public administration for the achievement of the closer integration of the productive economy and the governmental machine,<sup>14</sup> the public corporation may turn out to be one of the most promising. Although its flexibility offers a number of possibilities hitherto unavailable to governmental organizations, it will have to be integrated with the existing governmental structure, as Abbott implies. In England, where there has been a somewhat longer experience with this type of organization,<sup>15</sup> the stock of the public corporation is not wholly owned by the government nor is the governing board wholly made up of officials, but the corporation is governmentally controlled by means of its statutory subordination within a governmental department. If

<sup>14</sup> See Chapter 8.

<sup>15</sup> William A. Robson: *Public Enterprise*. London: G. Allen and Unwin; 1937.

this form of corporative integration should occur in the United States, however, the corporation device, which has been so successful in building up the private and productive business structure of the country, may have a more stimulating effect on some of the government departments than the traditional administrative department would have on the public corporation.

## 6. CONGRESSIONAL ORGANIZATION

A more typical governmental mechanism in American democracy is the popular and representative legislative body. If one is willing to cross the rigid line which separates the legislative and the executive branches of American government, one can observe significant lessons for the science of organization in the structure of the American legislative system. The congressional machinery of the United States is described below by George B. Galloway, engineer-economist, public official, and popular publicist.

GEORGE B. GALLOWAY

"Congressional Machinery"<sup>18</sup>

For the conduct of its business each House of Congress has devised three types of machinery—an administrative organization, a committee system, and a political structure.

The administrative machinery of Congress has grown up like Topsy since 1789. From the beginning each House has elected a secretary or clerk, a sergeant at arms, and a chaplain, and the lower chamber has also chosen a doorkeeper and postmaster. Each of the officers of the House and Senate has a staff appointed largely on patronage by the party in power. But many employees of Congress have been so long in its service as to constitute the nucleus of a permanent career staff. Leslie C. Biddle, popular secretary of the Senate, has served Congress continuously in various capacities since 1909. Men like John C. Crockett, sonorous chief clerk of the Senate, Charles L. Watkins, its able parliamentarian, Edward J. Hickey, journal clerk, Guy E. Ives, printing clerk, James D. Preston, versatile veteran of many posts, and Carl A. Loeffler, secretary to the minority, have served the Senate for upwards of half a century.

The administrative structure of Congress continues today substantially the same as it was a half century ago, the chief innovation in the interim having been the establishment of the Office of Legislative Counsel in 1919 with bill-drafting and legal duties. But the size of the

<sup>18</sup> George B. Galloway. "Congressional Machinery." *Congress at the Crossroads*. Selected from pp. 85-94, 101, 105-08, 110-13, 115, 117. Reprinted by permission of Thomas Y. Crowell Company. Copyright, 1946, Thomas Y. Crowell Company.

administrative staff has multiplied tenfold since 1900, rising in 1945 to 426 Senate officers and employees and 572 on the House side, plus 887 on the permanent force of the Architect of the Capitol, the latter being concerned with the construction, operation, and maintenance of the Capitol buildings and grounds. If to these be added the clerks to members, committee employees, and various special and minority employees, the entire congressional staff (exclusive of employees of the Architect) comprised 2,987 persons as of June, 1944.

For the performance of its legislative, fiscal, supervisory, and housekeeping functions both houses of Congress have organized themselves into a system of committees that is unique among national representative assemblies. All bills and resolutions introduced in Congress are first referred to these committees, considered and screened by them, and those that win favor are then reported back to the chambers with recommendations for action. In the beginning Congress referred its business to a legion of select committees. For every bill and every petty claim a separate special committee was set up. At least 350 such committees, for example, were raised in the Third Congress. But as time went on the number of select committees rapidly declined. As a result of this evolutionary process, responsibility for legislative action was scattered in 1945 among no less than 81 "little ministries," as Wilson once called them: 48 in the House and 33 in the Senate. Not more than 12 or 15 in each House were major committees dealing with public problems of national significance. As V-Day dawned over the land most observers of the congressional committee system, both within and outside that body, agreed that it was over-ripe for revision.

Committee clerks are appointed on patronage by the chairmen as one of the perquisites of office, subject only to the nominal approval of the committees. When a Senator becomes chairman of a standing committee, his clerks and assistant clerks become ex-officio clerks and assistant clerks of the committee. Thus their tenure is exposed to all the political and mortal hazards surrounding the lives of their chairmen. Some of the abler committee clerks, however, have served terms ranging from five to twenty-five years. John Carson was clerk of the Senate Interstate Commerce Committee from 1929 to 1934 and E. J. Layton has served as clerk of the House Committee on Interstate and Foreign Commerce since 1921. But by and large there are all too few qualified technicians on committee staffs. Lindsay Rogers has estimated that perhaps 200 congressional employees (including committee and legislative clerks and the parliamentarians) are in positions to influence policy-making. But few of them would claim to be top-notch specialists in the subjects under their committees' jurisdiction. Their forte, rather, is in handling the routine administrative work of their committees, compiling the calendars, doing research, drafting reports, and handling public relations.

For advice on proposed legislation and aid in bill drafting, congressional committees have long looked also to administrative agencies.

This practice is a desirable one not only because much modern legislation is concerned with public administration, but also because administrative officials are, on the whole, more familiar than legislators with the concrete conditions to which the statutes are to be applied. Since 1932, however, there has been an increasing tendency for executive officers to go beyond giving advice on legislation in response to congressional solicitation, and to embody their proposals in the form of fully-drafted bills, and to have these bills introduced in Congress by administration supporters after they have been approved by the legislative reference division in the Bureau of the Budget. This growing practice of sending tailor made "must" legislation to Capitol Hill has aroused the ire of legislators jealous of their constitutional prerogatives.

Another important cog in the legislative machine is the Legislative Reference Service in the Library of Congress. Created in 1915, this agency now furnishes a variety of general information, digest abstract, index, legal research and other services to the members and committees of Congress. During 1945-1946 it had an appropriation of \$198,300 and a staff of 79 persons of whom 58 were at the professional level.

Many of the congressional commissions and joint committees have had staffs, usually on a temporary or part time basis. In recent times, for example, the Temporary National Economic Committee (1939-1941), a mixed commission whose membership included three Senators and three Representatives, had a staff of 186 persons at the peak, while the Joint Committee on the Organization of Congress (1945-1946) had only two persons on its staff. The outstanding example of joint staffing is afforded by the Joint Committee on Internal Revenue Taxation (1926) whose permanent staff of 17 includes its chief of staff, Colin F. Stam, an assistant chief of staff, executive assistant, technical assistant, two attorneys, two statisticians, three economists, and six clerks. Created by statute and appointed on merit, this joint staff has rendered invaluable service to the members of the Senate Finance Committee and the House Committee on Ways and Means.

To complete our picture of the machinery of Congress, it remains to consider the political party mechanisms that operate behind the legislative scenes. What the Democrats call a "caucus" and the Republicans style a "conference" is the cornerstone of the party organization. It is composed, as we have seen, of all the party members in the chamber. As an instrument of party control the caucus has waxed and waned with the passing years. Under Cannon's regime as Speaker of the House (1903-1911), the Speaker was omnipotent and the majority party caucus was rarely needed or used. But after "Czar" Cannon was shorn of his power in the parliamentary revolution of 1910, the majority caucus became the dominant factor. The Democrats, who captured control of the House in the congressional elections of that year, promptly erected on the ruins of Cannonism a new political structure based on the secret caucus. In a vivid account of the party battles of the 62nd Congress, an astute eye-

witness described this shift from "Czar" Cannon to "King Caucus."

In each house both major parties also have a Committee on Committees. In addition to organizing the House, electing its officers, the chairmen of all standing committees and a majority of their members, the party in power controls the patronage through its Patronage Committees. Another tool in the congressional political kit is the steering committee. In the House the Democratic Steering Committee has been composed since 1933 of the Speaker, the majority floor leader, the chairman of the caucus, the party whip, the chairmen of Ways and Means, Appropriations, and Rules, and one representative from each of the 15 zones into which the country is divided for party purposes, each such representative being elected by the Democratic delegation from the zone. The floor leaders—two in each chamber—are chosen by their respective party caucuses, act as party leaders on the floor of the house, and have no standing committee assignments in the lower chamber. The party whips, who are selected by their floor leaders, keep the party membership and leadership informed of each other's wishes, and round up party members for important divisions.

Last but far from least in the political hierarchy is the House Committee on Rules whose jurisdiction and powers make it an effective instrument of majority party control of legislative action. By the exercise of these powers the Rules Committee can sift the business coming from the other 47 committees of the House and decide which bills shall have the right of way to consideration on the floor and the order in which they shall be taken up. By amending their measures as a condition of giving them a "green light" to the floor, Rules can substitute its own judgment for that of the great legislative committees of the House on matters of substantive policy. It can also determine the duration of debate on a controversial measure and restrict the opportunity to amend it, thus expediting or delaying a final decision. Three kinds of special rules are handed down by the Rules Committee: (1) "gag rules" limiting amendment of pending measures; (2) rules permitting certain favored legislation to come before the House; and (3) rules which make certain bills the next order of business in order to obstruct others which otherwise would come up for consideration via the usual calendar route.

No account of the political machinery of Congress would be complete without a description of that outstanding figure—the Speaker of the House of Representatives. Although the Speaker lost his power in the revolution of 1910–11 of appointing the standing committees of the House, he still appoints the select committees, the House members of conference committees, and the chairman of the Committee of the Whole. Despite the overthrow of Cannonism, the speakership thus continues to be the most powerful office in Congress.

The Legislative Reorganization Act of 1946 did much to reduce the number and merge the functions of the powerful congressional

committees described by Galloway. The act increased congressional salaries, established a retirement system, strengthened congressional staff and research services, reduced the burden upon Congress in the handling of private claims, and corrected the system of registering lobbyists. On the other hand, procedures and devices which make possible the minority stranglehold upon majority legislation were not modernized.<sup>17</sup> Nor were other recommended processes to speed up congressional action, such as the use of voting machines, accepted. What may happen to congressional organization and procedure, if the meetings of Congress are popularized over the radio or by television, is a problem that may be decided in the near future.

## 7 AMERICAN POLITICAL PARTY ORGANIZATION

In a democracy like the United States the organization is a term frequently reserved for the political party. The technique of political party organization and control is now no secret to Americans, but many years of study by keen observers and considerable candid reporting by practical politicians were necessary before the inner workings of this unique type of organization were fully divulged. Below are the contributions to the subject by (a) Mossey Ostrogorski, a Russian observer of the end of the last century, who wrote a classic work on the American political system in 1902, and (b) Emily Blair, vice-chairman of the Democratic National Committee, who wrote the incisive little manual in 1924 quoted below.

Ostrogorski's work was worthy of a warmer response than it received, for it was not only a scientific piece of analysis but a fascinating human record of the organizational base of American democracy. Had Ostrogorski chosen to extend his exhaustive study of political party organization to the entire American governmental system, he would probably have won the fame of de Tocqueville whom he had carefully studied, and of Lord Bryce, who had carefully studied him. In fact, Ostrogorski's series of studies preceded Bryce's classical work on *The American Commonwealth*, but Ostrogorski's studies were first written and published in French,<sup>18</sup> and only later were they translated and published in book form in America. Like de Tocqueville, Ostrogorski had a patriotic purpose of his own. He

<sup>17</sup> House of Representatives, *Legislative Reorganization Act of 1946*. Hearings Before the Committee on Expenditures in the Executive Departments, United States Senate, 80th Cong., 2nd Sess., February 1948. Estes Kefauver and Jack Levin. *A Twentieth-Century Congress*. New York: Duell, Sloan and Pearce, 1947. Joseph P. Harris, "The Reorganization of Congress," *Public Administration Review*, Summer 1946, vol. 6, p. 267-82.

<sup>18</sup> *Annales des Sciences Politiques*, 1888-89.



too had worked in his country's Ministry of Justice and was particularly interested in how and why the American democratic system really worked, since he was anxious to see a greater measure of democracy introduced into his own country. In fact, he served as a Constitutional Democrat in the first Russian Duma in 1906, which if not a fully democratized legislative body itself, probably represented as important a break with some of the monarchical, oligarchical, and aristocratic traditions of Czarist Russia as did the Soviet Revolution a decade later.<sup>19</sup> Some of these suppressed Russian urges for democratic expression reflect themselves in Ostrogorski's colorful description of the American political party system.

### (a) MOISEY OSTROGORSKI

#### Democracy and the Organization of Political Parties<sup>20</sup>

The body of the Organization of American parties contains the following three essential organs: the primary assembly of the members of the party from which all the powers of the Organization emanate; the committee of the party which is the controlling power within it; and the conventions of the delegates who choose the candidates for elective offices on behalf of the party.

The primary assemblies of the members of the party bear the name of "caucuses" in New England and in certain States of the West, and that of "primaries" or "primary elections" in the rest of the Union. They meet in each city ward or rural district, at tolerably frequent intervals, to make direct choice of the candidates of the party for the local offices assigned to the ward, but especially to appoint delegates to the various party conventions, who select candidates for public functions on all the other steps of the hierarchical ladder. In principle, the primaries are composed of all the adherents of the party. In a few large cities, the followers of the party are grouped into associations, or permanent clubs, and all those who are members of them are allowed to sit in the primaries. The discretionary right of admission or exclusion possessed by these associations, or clubs, has too often made them close bodies. In New York especially the political monopoly of the associations has been one of the factors of the power which the "Machine" has acquired there. But whether the admission to the primaries of the adherents of the party is beset with more or less extensive restrictions, in practice the great majority of the voters keep away from these assemblies. The lists presented at the primary are generally prepared behind the scenes, where the politicians "make up the slate," as is said in their slang. Provided with the slate, the

<sup>19</sup> Samuel N. Harper: *The Russia I Believe In*. Chicago: The University of Chicago Press; 1945, Chapters 5 and 6.

<sup>20</sup> Moisey Ostrogorski: *Democracy and the Organization of Political Parties*. Selected from vol. 2, pp. 207-08, 210-12, 225-29, 244-45. Reprinted by permission of The Macmillan Company. Copyright, 1902, The Macmillan Company.

presiding officers of the primary make the meeting adopt it by a series of movements regulated with the precision of a military parade. These movements are executed with such rapidity and such ensemble that the good citizen does not know what to make of it. If he ventures to intervene, he is easily silenced by means of the niceties of the procedure. In one way or another the programme is carried point by point, in the form in which it was settled beforehand behind the scenes. The good citizen is reduced to playing the part of an involuntary dummy amid involuntary dummies of the ring which manages the local Organization.

The stronghold of this ring is the local committee of the party. Each political subdivision, the rural town or the city ward or even the ward precinct, has its committee appointed annually at the primary of the party. Above this committee of first instance there are, in the local Organization, one or two more committees: the ward committee in the cities, which is generally composed of the members of the precinct committees, and the county committee, which is the central committee for the county with its towns and villages, or the city committee in the large cities which have a central independent Organization. The members of the county committee are appointed by the committees of the wards and of the towns or by the respective delegates of these territorial units to the county convention; the city committee is formed in a similar way. The local committee, which is the permanent representative of the party Organization of the primaries and of the local conventions, is supposed to be their executive organ, with the duty of exerting itself especially during election time to ensure the success of the candidates of the party within its jurisdiction. In reality it manages, it manipulates the whole Organization and in particular during the stage which precedes the election that of the nomination of candidates. Generally it is the committee which makes up the slate, and it forces it on the primary because it wields a predominant power there. It is the committee which convenes the primary, which selects the date and place of the meeting to suit its own convenience, which settles its procedure, which presides over the assembly until the officers are elected. Very often it is the committee again which appoints the inspectors of election, who have to receive and count the votes, and if it selects inspectors who are hostile to a particular candidate and are unscrupulous, that candidate is a lost man.

In any event the role of the party member, whether more or less unreal and delusive, ends in the primaries: as soon as he has, or is supposed to have, recorded his vote for the delegates, he disappears from the political stage; he no longer has any power as a party member. Political activity is now transferred to the larger stage of the conventions, with a new set of actors.

The convention system is extremely complicated and at first sight even somewhat confused. Composed of representatives of the people assembled in party meetings, the conventions are invested with the mission of pointing out to the general body of the party the candidates

for whom they may vote. The first complication comes from the federative system of the American Government, with its double set of parallel functions in the State and in the Union. A State sends to Congress ten or twenty representatives, and a hundred or a couple of hundred members to the legislative assembly of the State, and, consequently it is divided, with a view to the federal elections, into ten or twenty districts, and into one hundred or two hundred for the legislative elections of the State. Hence the necessity of holding two conventions of delegates: the one composed of delegates from all the primaries of the congressional district which will elect the candidate for Congress; and the other containing delegates from the primaries of the much smaller district which has to return a member to the local legislative assembly. However, the legislative offices are not the only ones which are filled up by election: the judiciary and the principal executive offices are so as well, not to mention those connected with local self-government, the municipal offices and others. But their jurisdictions do not tally with any of the districts carved out for the various legislative elections, and they cannot possess an identical party representation. Consequently, each public office to which a particular territorial subdivision is assigned requires a special convention of delegates to settle the candidature on behalf of the respective party.

The composition of the conventions from the standpoint of the moral, intellectual, and social character of their members, is a somewhat motley one, for although they are managed by professional politicians, they are not recruited exclusively in their circles. No doubt, a considerable proportion of each convention consists of office-seekers or office-holders, and, in general, of mercenary politicians. The convention is for them a sort of stock exchange, where they sell and buy political influence, payable in places or money, or, at all events, get to know each other, put in their claims, and form connections which they will turn to account later on. The politicians are not oblivious of the maxim that you must cut your coat according to your cloth, but one and all, in their respective spheres, are there, according to the expressive slang of the Machine, "not for their health, but on business." In the same category of delegates are often found persons who are simply agents for big private concerns, for railroad companies, and other societies which want to introduce their garrisons into the political fortresses. Finally, there is a category of obscure, humble delegates, free from the cant of these respectable personages, and sincerely desirous of discharging their mission for the public good.

The choice of candidates for the highest executive offices of the Union, for the Presidency and the Vice-Presidency of the Republic, while following, in its main outline, the procedure and the preoccupations which govern the selection of candidates for the State offices, is always invested with exceptional importance. The stake is enormous; it includes the highest prize to which the ambition of an American citizen can aspire. The attention of the whole country, excited to the highest pitch by the great periodical duel, centres on these assemblies so as to make them a

unique institution, and their working under the eyes of the whole fever stricken nation a unique spectacle. The citizen who pays no heed to the affairs of his State and of his city, which, however, concern him so nearly, fires up on the approach of the national conventions. This great gathering appeals rather to the American elector's naturally excitable temperament than to his public spirit. The formation of the national conventions is, therefore, left to the professional politicians. There are, no doubt, a certain number of delegates whose sole aspiration is to lend a hand in the great work of the party, out of devotion to its cause, or from mere vanity which courts opportunities for coming forward. But the great majority, and they may be estimated at nine-tenths, are occupied exclusively with their own interests at the convention. In the crowd of politicians who flock to the conventions all ranks are represented. Senators of the United States, State Governors, and so on down to aspirants to modest places, and each of them has an axe to grind."

#### (b) EMILY NEWELL BLAIR

##### "Organization Primer"<sup>21</sup>

"Organization," according to the dictionary, 'is the work of connecting interdependent parts so that each has a special function, act, office, or relation to the whole.' As used in politics, 'Organization' is getting people to work together for the common purpose of winning an election. The people who do this work are known as "The Organization."

The precinct is the smallest unit of organization. It is the section of the county (or town) within whose bounds the machinery of elections is set up for the convenience of the people. It comprises the territory that is served by one voting place. It is usually determined by the number of voters: the average precinct containing between 250 and 300 voters. In large cities the precinct may include but a few blocks. In the country, where there are but few voters, it may be several miles in extent. Success for the party depends upon the work done in the precinct.

The leader of the precinct is usually called the precinct committeeman. His work is the most important that falls to a party worker. There should now be also a precinct committeewoman. She should, first of all confer with the precinct committeeman. They should go over the situation in their precinct and decide upon the division of the work between them. Sometimes the precinct committeewoman finds herself left with all the detail work while the precinct committeeman makes all the plans. This will not bring good results. While the precinct committeewoman may not know as much about political organization work as the precinct committeeman, she knows more about women and has her own contribution to make to the plans and should insist on being heard.

<sup>21</sup> Emily Newell Blair. *Organization Primer*. Stuart Lewis (ed.) *Readings in Party Principles and Practical Politics*. Selected from pp. 327-29, 332. Reprinted by permission of Prentice Hall Inc. Copyright, 1928 Prentice Hall Inc.

It is customary for each political party to make a house-to-house canvass of the voters in each precinct, noting down the voter's political party and address. This list of voters is sometimes kept in a book, commonly called a "poll book." A "poll" is usually taken 60 days before an election; and another, 30 days before an election. Long before election day the precinct committeewoman should have all her plans made for working on that day. These plans should include:

1. *Telephone squad*—Women who cannot leave their homes but who each promise to remind a certain number of women that they must vote.

2. *A motor squad*—Women with machines ready to bring voters to the polls (where the law permits it) and to take workers from place to place.

3. *A checking squad*—Women who will stand with poll book for a certain number of hours each, checking off the women as they vote.

4. *General Workers*—Women to stand as near the polls as the law permits and talk to the undecided or indifferent voter in an attempt to persuade her at the last moment.

5. *The eleventh-hour work*—Two hours before the polls close the checkers should be able to report all the Democratic or committed women who have not voted. A captain in charge of that work should assign a certain number of names to each motor and these voters should then be brought to the polls.

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Since the Ostrogorski and Blair statements, many of the details of American political practice have changed, American party principles have moved to the left, and American political affairs have really begun to reflect the fact that politics is the art of "who gets what, when and how."²² But the party system, analyzed a half century ago by Ostrogorski's classic and by Emily Blair's manual for the door-bell-ringing-and-get-out-the-vote type of political organization, is still the backbone of the American political system, regardless of party.²³ Will this system survive the apparently increasing polarization of the American political spectrum and the impending tendency to "convert party politics into party government"?²⁴ Most American observers expect and trust that the system will, since the system of party organization is a vital American mechanism which serves not only the popular pastime of politics, but is a decisive device for the balancing of powerful national political interests.

²² Harold D. Lasswell: *Politics: Who Gets What, When, How*. New York: McGraw-Hill Book Co.; 1936. V. O. Key: *Politics, Parties, and Pressure Groups*. New York: Thomas Y. Crowell Company; 1947, p. 1.

²³ For a simple sketch of the Republican party organization, see: "How the Party Is Organized." *The Republican*, June 1940, pp. 23-25.

²⁴ E. E. Schattschneider: "The Struggle for Party Government." Program in American Civilization, University of Maryland, 1948, p. 29.

8 INTERNATIONAL ORGANIZATION

Donald C Stone, whose experience in international organization has been previously reviewed, and Walter H C Laves, who served as a professor of political science at the University of Chicago, as a member of Stone's staff in the Division of Administrative Management of the United States Bureau of the Budget, and as Assistant Director of the United Nations Educational, Scientific, and Cultural Organization, describe the organization of the United Nations in the following extracts

(a) DONALD C STONE

'Organizing the United Nations'²⁵

Let us look at the UN structure. The Charter drafted at San Francisco provides for six principal organs. One is the General Assembly, a deliberative body representing the fifty-one member states. It meets annually in September and on special call. It is the nearest thing to a legislative body in the UN.

The Security Council, partly an executive and partly a judicial organization, consists of five permanent members and six others elected for two-year terms by the General Assembly. It is primarily responsible for maintaining international peace and security and is in continuous session. A military staff committee advises the council on military requirements for the maintenance of peace and security, the employment and command of forces of the UN, the regulation of armaments, and possible disarmament. The chiefs of staff of the permanent members of the Security Council—U S A., U S S R., United Kingdom, China, and France—make up the military staff committee.

The Economic and Social Council, with specialized functions relating to economic, social, cultural, educational, and health problems and the promotion of respect for human rights and freedoms, is a representative organ consisting of eighteen members elected by the General Assembly. Much of its work will be carried out through subsidiary commissions. From an operating standpoint, further complications arise in the UN structure from the fact that the work of 'specialized agencies,' such as the Food and Agriculture Organization, and the United Nations Educational, Scientific, and Cultural Organization, have to be coordinated with the UN through agreements made with them by the Economic and Social Council and approved by the General Assembly.

The Trusteeship Council, which under the aegis of the General Assembly will guide the international trusteeship system provided in the

²⁵ Donald C Stone. *Organizing the United Nations*. Public Administration Review, Spring 1946 vol. 6, adapted from pp. 115-16. Reprinted by permission.

charter, consists of an equal number of members who administer trust territories and members who do not.

The International Court of Justice is the judicial arm of the UN. Membership in the UN carries with it adherence to the statute establishing the court. It consists of fifteen judges elected jointly by the Security Council and the General Assembly. Its seat will be at The Hague. The sixth principal organ established by the Charter is the Secretariat.

(b) WALTER C. LAVES AND DONALD C. STONE

"The United Nations Secretariat" ²⁰

The Secretariat of the United Nations is the mortar in the organizational arch composed of the United Nations and the specialized agencies built on the foundation of sovereign national states. The Secretariat of the United Nations is the only place where problems, programs, and policies can be consistently viewed in United Nations terms. It is therefore the only place where the many parts of the world's governmental machinery can be geared together. The provisions of the United Nations Charter regarding the powers of the Secretary-General and his Secretariat are brief but at the same time broad in scope. Article 97 establishes the Secretary-General as head of the Secretariat and provides that he shall be the chief administrative officer of the organization. The Secretary-General is appointed by the General Assembly on the recommendation of the Security Council. By Article 98 he is designated as Secretary-General of the General Assembly, of the Security Council, and of the Trusteeship Council. He appoints the staff of the Secretariat under regulations established by the General Assembly (Article 101). In addition, Article 99 empowers him "to bring to the attention of the Security Council any matter which in his opinion may threaten the maintenance of international peace and security." The highly important Article 100 guarantees the international character of the entire Secretariat.

Given the inevitably unsettled after-war relations among the United Nations and the natural tendency for the spotlight to shift from problems of world organization to issues of the peace settlement, it is encouraging that the United Nations has proceeded vigorously with the development of its organization. The task is far from complete, and only years of energetic operation will determine the ultimate character and role of the UN.

The Executive Office consists of an Executive Assistant and several other assistants who help the Secretary-General for the most part in a personal capacity in many of his relationships with Members, with the Organs of the UN, with Specialized Agencies, and in coordinating the activities of the Secretariat affecting such relationships. This work involves

²⁰ Walter C. Laves and Donald C. Stone: "The United Nations Secretariat." *Foreign Policy Reports*, October 15, 1946, vol. 22, selected from pp. 182-83, 191-92. Reprinted by permission.

handling such matters as protocol, communications with governments preparation of agenda of the General Assembly, and assistance on reports and other formal actions which the Secretary-General must take

The Administrative and Financial Services (budgeting administrative planning personnel, and finance) are organized under an Assistant Secretary General in Charge of Administration and Finance (John Hutson of the United States) into three bureaus the Administrative Management and Budget Bureau the Personnel Bureau, and the Comptroller's Bureau

The Assistant Secretary General in charge of *Conference and General Services* (Adnan Pelt of the Netherlands) makes arrangements for meetings of the General Assembly, the Councils, commissions, committees, and special conferences The Bureaus under him provide translating documentation secretariat, publish official records of meetings and take care of supplies transportation and housing This department now has the largest staff Branch offices of the United Nations, of which there are at present two temporary ones—in London and Geneva—are linked primarily to this Department

The Department of *Security Council Affairs* (Assistant Secretary General Arkady Sobolev of the U S S R) is responsible for the principal activities technical services, and programs administered by the Secretariat It obtains information and prepares reports on questions that come before the Security Council, notably the maintenance of international peace and security, the pacific settlement of disputes, the security aspects of trusteeship agreements for strategic areas, the political aspect of military agreements, the size of armaments, and so on While the Department primarily serves the Security Council, it, like every department, renders help to other departments of the Secretariat and to other organs concerning matters in its field

The Department of *Economic Affairs* (Assistant Secretary-General David K Owen of the United Kingdom) must work very closely with the Department of Social Affairs in providing assistance to the Economic and Social Council and its commissions and committees which it serves, especially in the fields of finance, transportation, communications, employment, economic rehabilitation, statistics, and economic affairs generally

The Department of *Social Affairs* (Assistant Secretary-General Henn Laugier of France) also assists the Economic and Social Council and its commissions and committees in the fields of science, education, culture, social questions, demography, human rights, refugees and displaced persons, narcotic drugs, and public health Since both the Economic and Social Departments are concerned with relationships between UN and Specialized Agencies, the Director of the Division of Relations with Specialized Agencies reports to the Assistant Secretaries General for Economic and Social Affairs

The Department of *Trusteeship and Information from Non Self*

Governing Territories (Assistant Secretary-General Victor Hoo of China) is responsible for all matters concerning problems and developments in the trusteeship and non-self-governing territories field. Since the states concerned have not completed agreements with respect to the administration of trust territories and the Trusteeship Council has therefore not yet been established, this Department is performing merely preparatory work in the trusteeship field; it has already received and is analyzing reports from member nations on self-governing territory.

The *Department of Public Information* (Assistant Secretary-General Benjamin Cohen of Chile) assists the Secretary-General in formulating and carrying out the information policies and programs of the United Nations. It maintains facilities and services for the press, radio, films, and other information media, prepares exhibitions relating to the UN and furnishes background information and material for educational groups.

The *Legal Department* (Assistant Secretary-General Ivan Kérno of Czechoslovakia) advises and assists the Secretary-General, various departments of the Secretariat, and the organs of the United Nations on legal questions, assists in drafting treaties and conventions, and is responsible for encouraging the progressive development of international law and codification. The Department maintains liaison with the International Court of Justice with respect to legal functions of the Court.

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The United Nations organization is not strictly a new creation of the post-war period, for back of it lies the large body of organizational experience of the League of Nations. However, there are some distinctive features of the United Nations. These are: (1) a more pragmatic recognition of the strength of the large nations represented in the Security Council rather than an adherence to national sovereignty regardless of size of the various member nations represented in the Assembly; (2) an attempt to segregate social and economic functions and organizations from political and strategic functions and organizations, so that independent progress can be made at the international level in the less controversial and more concrete subject-matter of the former; and (3) a strengthening of the secretariat as the key organization for the whole structure of international government.

## 9. AMERICAN LABOR ORGANIZATION

An emerging mechanism of political and economic strength in the United States is the labor union. Union membership rose from about 2,900,000 members in 1933 to 15,600,000 in 1948.<sup>27</sup> The

<sup>27</sup> United States Department of Labor, Bureau of Labor Statistics: *Directory of Labor Unions in the United States*, June 1948, Bulletin No. 937, p. 5

organizational structure of the labor movement during this period was rarely appreciated by Americans, except for some of the active members and officers of the unions, labor economists, and social scientists specializing in labor relations. One of the outstanding specialists on the subject was Florence Peterson, Director of the Industrial Relations Division of the Bureau of Labor Statistics of the United States Department of Labor, who carefully described in 1945 the organization of American labor unions.

#### FLORENCE PETERSON

##### "Structure and Internal Government of Labor Organizations"<sup>28</sup>

The constituent and autonomous units which make up the bulk of organized labor are the National and International unions. Most of these unions are affiliated with either the American Federation of Labor or the Congress of Industrial Organizations although there are important exceptions. The major functions of the federated organizations, both the American Federation of Labor and the Congress of Industrial Organizations, are to promote the interests of workers and unions before the legislative, judicial and administrative branches of government, to expand union organization both directly and by assisting their International unions to provide research, legal and other technical assistance to their members, to publish periodical journals and other literature dealing with economic problems and general matters of interest to labor, to represent and promote the cause of labor before the general public; to determine the jurisdictional boundaries of their affiliated unions and to protect them from dual unionism; to serve as spokesman for their unions on international affairs, especially international labor movements.

The American Federation of Labor was organized in 1881 by a group of trade unions for the purpose of mutual aid and protection. Historically and structurally the Federation is an agent of its constituent organizations, having only such powers and engaging in only those activities, which have been assigned to it by its affiliated unions. It has no direct authority over the internal affairs or the activities of any of its member unions so long as they do not impinge upon the jurisdiction of another affiliated union. While it exerts a great deal of influence over its members, its only actual power is the power of expulsion from membership in the Federation. The annual conventions of the Federation are held the first Monday in October except in presidential election years when they are held the third Monday in November. Each city central, state federation and directly affiliated federal labor union is entitled to one delegate. Each International has one delegate for less than 4,000 members, two dele-

<sup>28</sup> Florence Peterson, "Structure and Internal Government of Labor Organizations," *American Labor Unions*. Selected from pp. 41-45, 50-55. Reprinted by permission of Harper & Brothers. Copyright 1945 Harper & Brothers.

gates for 4,000 or more, three for 8,000 or more, four for 16,000 or more, five for 32,000 or more, and so on. In a roll call vote, held upon demand of one-tenth of the delegates, each International delegate casts one vote for every 100 members or major fraction thereof which he represents.

The Executive Council is composed of the President, Secretary-Treasurer and fifteen Vice-Presidents elected annually by the convention. By custom, the Vice-Presidents are selected from among the officers, usually the Presidents, of the Internationals, who continue to hold their offices with their respective unions. The Executive Council carries out the decisions of the convention and submits a report to each convention on the activities of the Federation and recommendations for further action. During the interim between conventions the Executive Council may take any action which "may become necessary to safeguard and promote the best interests of the Federation and of its affiliated unions."

In its office at Washington, D. C., the Federation maintains a staff of economic and legal advisers and assistants who prepare data to be used at Congressional hearings and work in close co-operation with the various governmental agencies concerned with labor matters. A major activity of the Washington staff is the preparation of the Federation publications. While a large share of the work of organizing the unorganized is performed by the Internationals within their various jurisdictions, the Federation also employs about 175 organizers to assist them and to carry on organizing activities in the industries and trades not included within the jurisdiction of any of its affiliated unions.

In November, 1944, there were 102 International and National unions, 50 state federations, 749 city centrals, and 1,625 federal labor unions affiliated with the American Federation of Labor. The 1907 convention of the American Federation of Labor declared that "For the greater development of the labor movement, departments subordinate to the American Federation of Labor are to be established from time to time." During the two years subsequent to this declaration, four departments, were established: the Building and Construction Trades Department, the Metal Trades Department, the Railway Employees' Department, and the Union Label Trades Department. Many of the International unions of the AFL are outside the jurisdiction of any of these departments while some are affiliated with several departments.

The Congress of Industrial Organizations is an outgrowth of a division within the American Federation of Labor over the issue of craft versus industrial unionism. In 1935 eight AFL unions created the Committee for Industrial Organizations and membership was later augmented by several other AFL unions and factions of unions as well as newly organized unions. Structurally, the Congress of Industrial Organizations is not unlike the American Federation of Labor with the exception that the CIO at present has no departments.

The annual convention is the supreme authority of the CIO, being held during October or November. Each directly affiliated local (that

is, local industrial union) and each city and state industrial council is entitled to one delegate. Each International union having up to 5,000 members is entitled to two delegates, over 5,000 members, to three delegates, over 10,000, to four delegates, over 25,000, to five delegates, over 50,000, to six delegates, over 75,000, to seven delegates, over 100,000 membership to eight delegates for the first 100,000 and one additional delegate for each additional 50,000 or majority fraction thereof. In a roll call vote, held upon demand of 30 per cent or more of the total votes, each International union and each local industrial union is entitled to one vote for each member, and each city and state industrial council has one vote.

The officers of the CIO, consisting of a President, nine Vice Presidents and a Secretary Treasurer, are elected by majority vote at each regular convention. The Executive Board is composed of these officers and "a duly qualified officer" from each affiliated International. Between board sessions, held at least twice a year but subject to call by the President or a majority vote of the Board, the President has full power to direct the affairs of the Organization.

In its office at Washington, D. C., the Organization maintains a staff of economic and legal advisers to assist its affiliated bodies and to work in close co-operation with the various governmental agencies concerning labor matters. The Organization issues weekly and monthly publications as well as pamphlets dealing with trade unions matters. It employs about 180 organizers to assist its member unions, as well as to conduct organizing campaigns in plants and industries not included within the jurisdiction of its affiliated unions.

In 1944 the CIO was composed of 40 International unions (including several Branches which are largely autonomous), 36 state industrial councils, 232 city, county and district industrial councils, and 292 directly affiliated locals.

About half the unions covering railroad workers are affiliated with the AFL, including some unions which are confined solely to railroad workers as well as those covering workers of the same craft in other industries. The four train service unions, commonly referred to as the "Brotherhoods," as well as several other of the important railroad unions, have always remained outside the AFL. There is some overlapping of jurisdiction between the AFL affiliates and the independents, as well as among the independents themselves. Some of the dualism is due to the fact that Negroes are ineligible to membership in some of the unions and have formed organizations of their own. Unlike most other industries, there is extensive organization of supervisory personnel in the railroad industry. Some foremen and supervisors are organized into unions of their own, such as the Yardmasters Union and the American Railway Supervisors Association which takes in shop foremen. In the other branches of the industry, foremen are customarily members of the same unions as the men whom they supervise.

A more continuing organization for united action is the Railway Labor Executives Association which was formed soon after the passage of the Railway Labor Act in 1926 for the purpose of "cooperative action and to obtain and develop constant interpretations and utilization of all the privileges of the Act." At present twenty unions are affiliated with the Association. These include all the AFL railroad unions. Two of the large unions, the Brotherhood of Railroad Trainmen and the Brotherhood of Locomotive Engineers, do not at present belong to the Railway Labor Executives Association.

Locally, there are the city centrals which are affiliates of all AFL local unions within the city, and city industrial councils to which CIO locals belong. On the state level are the AFL state federations and the CIO state industrial councils. The city organizations are composed of representatives from all the member local unions while the state organizations include delegates from the city organizations as well as all the affiliated local unions within the state. If a local resigns or is expelled from its International, it automatically loses its membership in the city and state organizations. The state federations and state industrial councils are concerned chiefly with legislative and educational matters. They hold annual conventions where programs of general interest to all the workers in the state are formulated, initiate legislation and appear before state legislatures, and in various ways promote organized labor's interests before the public.

Labor unions are "organization conscious" not only insofar as their membership drives are concerned. They show an increasing tendency to study, criticize, and perfect their own techniques of union organization and administration. The organizational structure of American labor unions has produced some of the nation's most revealing comparative experience regarding popular and democratic control by mass membership, along with technical policy guidance by executives and experts.

## 10. INDUSTRIAL AND OTHER TYPES OF ORGANIZATIONS

Organizations representing financial, industrial, and commercial enterprise, such as the American Bankers Association, the National Association of Manufacturers, and the Chamber of Commerce of the United States, have functioned for a long time in this country.<sup>29</sup> A rich store of knowledge for the comparative study of organization is found, as we shall see, in numerous local firms and in many corporations operating on a national and international scale.<sup>30</sup>

<sup>29</sup> See Harwood L. Childs: *Labor and Capital in National Politics*. Columbus: Ohio State University Press; 1930.

<sup>30</sup> See Chapter 12.

Some generalizations concerning the organizational experience of industrial and other institutions are presented below by Russell Robb in a treatise he prepared on comparative organization in 1910

RUSSELL ROBB

*Lectures on Organization*<sup>\*</sup>

In the popular mind perfect organization usually is associated with the army. Military organization has contributed much to all other types of organization through its example of the value of discipline, the usefulness of definite procedure, and the effectiveness in administration of placing responsibility. But it has been the cause of mistakes in building up other organizations through the forcing into prominence of the main features of a military organization when the end that is sought is much more influenced by other factors when the necessity for control is less than for specialization of effort and for the coordination of different kinds of action. This becomes plainer when one considers for instance an industrial organization depending for its success very largely upon the ability with which the principles of division of labor are applied. There are many examples. The success or failure of the watch industry would not depend upon instant obedience, upon definite evolutions of men, upon predetermined movement in emergency, upon a definite line of succession in authority; it would depend upon such things as study and care and economy in purchasing materials, upon the development of processes to make the most of each worker's special skill and ability, the saving of time in the handling of the product, the working of the plant to save interest and rent, the discovery of consumers and the prompt delivery of the product. The main purpose is different from the main military purpose, and the organization must vary accordingly.


The construction of the great irrigating reservoirs in India, where a few years ago during the famine so many of the natives were employed, furnishes a good example of the variation in organizations according to the material one has to work with. One can imagine approximately what sort of an organization would be necessary in most other places to undertake the vast excavations necessary to form reservoirs in great irrigating works: there would be a large mechanical equipment of steam shovels with the minor organization of drivers, mechanics, and superintendents; the systems of records of fuel-supply and repairs; the placing of equipment; the orderly procedure of the work; the great number of workmen to direct and supervise; the system of pay, shelter, commissary, sanitation—all would have to be molded into a great comprehensive or

<sup>\*</sup> Russell L. Robb, *Lectures on Organization*. Quoted in Leon C. Marshall, *Business Administration*, selected from pp. 779-83. Reprinted by permission of The University of Chicago Press. Copyright 1921 The University of Chicago Press. Robb's original manuscript was privately printed in 1910.

ganization. In India there were no steam-shovels, mechanics, fuel-supply, repairs, shelters, or commissary. The excavation was done directly by hordes of natives in gangs of twenty or thirty, each with his or her basket, and one with his little "scoop" or koiti. When the basket was filled, it went on the worker's head and was carried to the dump, where the native received a small tag that entitled him to payment for one basketful of excavation. The workers consisted of gangs, over which were the foremen who furnished the laborers for the work. There was no system of housing, for there were no shelters: all slept on the ground in the open. There was no commissary organization, for the workers "found themselves," and in any case would have refused any food prepared for them, because of caste prejudice. The payment of workers required no elaborate system of pay-rolls and receipts, because each worker cashed in the tags he had received. No doubt those in charge of these Indian excavations had their problems of organization, but they were different from our problems, and probably the most of our approved systems would have been of about as much use as an American typewriter to a Chinese merchant.

There are all kinds of industries, and one is perhaps as good as another for the purpose of illustrating organization. If one is credibly informed, the organization of some of the patent-medicine companies differs considerably from that of other manufacturing companies, and yet they are still ably organized. There is at least one where two or three rooms in a large building are devoted to the manufacture of the medicine, a minor function in the organization. The remainder of the building is largely devoted to a printing establishment for the preparation of advertising matter, to advertising departments, correspondence-clerks, and stenographers. Here we have a manufacturing establishment, but the purpose and conditions require special attention to the office-system. The accomplishment of the purpose is not greatly affected by attention to manufacturing methods and details, but is very greatly affected by skill in advertisement and system in the departments where the real effort and most of the expense lie.

It will be unfortunate if the emphasis given here to the diversity of conditions and to the difference in the purposes of undertakings should be construed as an argument that no general principles can be applied to organization. It is intended simply to show that there is no "royal road," no formula that, once learned, may be applied in all cases with the assurance that the result will be perfect harmony, efficiency, and economy, and a sure path to the main purpose in view. This is not an imagined difficulty. We all are inclined to get a bit twisted toward some favorite panacea, and if one is to attempt to better a business organization, it helps greatly to be able to approach the problem with an open mind, and not to have a special predilection toward a factor that one has somewhere found admirable.



In Robb's opinion, an organization is a specialized tool of limited application and not an end in itself. For that reason there is no "royal road" to the discovery of the principles of organization in either business or government.

## SUMMARY

Organization in government, as in business or in social institutions generally, grows out of practical need and established custom as well as approved organizational doctrine. For a new nation confronted with the need to preserve its newly won independence and to bolster its shaky fiscal system and its infant economy, it was not unnatural for the United States to establish as its first three departments the Departments of State, War and Treasury. If the titles of Soviet executive departments sound like the index to an industrial directory, one can recall that in Brazil there was a Department of Coffee, and in ritualistic China there was a Department of Rites and Ceremonies. Even the Labor-dominated London County Council, following the normal British adherence to tradition, has maintained a Ceremonial Office. In its heyday of municipal graft, New York City felt the need to establish a Department of Investigation, and during its reform days Chicago found it convenient to create a Research Division as part of one of its major departments. During the war General Motors Corporation found it necessary, under the pressure for new inventions, to establish as one of its most important agencies the New Departure Division. Thus, there is available a large body of experience with various types of practicable organization. Some of these types are diffused and unintegrated in their departmental framework. Others show a high degree of integration. However, as a comparison of American, German, and Soviet organizational systems suggests, genuine co-ordination, control, and integration of administrative operations may depend upon more than just integrated departmental structure. We shall continue our search for useful organizational precepts in the next chapter, devoted to staff and line organization.



## CHAPTER TEN

### STAFF AND LINE ORGANIZATION

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IN THE REALM of organization, one of the most frequently used concepts is that of staff-and-line. By means of this concept administrators supplement their idea that personnel and positions are organized in a vertical hierarchy of authority with the horizontal concept that at any given level of authority, departments or branches cluster around two major modes of organization, namely *staff* and *line*.

Before defining this term, we should realize that in actual administration activities do not always fall recognizably into the categories of staff or line. Like other technical usages in this field, these are convenient terms which make it easier for students and practitioners of administration to "talk shop" and also to manipulate and improve the various parts of their organization. Even these specialists do not all agree on the definition or the conception of staff-and-line. In any organization, as we shall see, an individual employee, or a single branch, or a given activity may and frequently does perform both line and staff functions. Administrators are generally interested in getting a job accomplished without stopping to label one part *line* and the other part *staff*. Nevertheless, the development of the staff idea as differentiated from line activity has been called "the chief element of progress that we have made in the science of management during the last 3000 years."<sup>1</sup> After making a searching study of the principles of organization and after numerous listings of the various "phases" or "modes" of organization, Alvin Brown arrived at the

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<sup>1</sup> Edgar W. Smith. "Executive Responsibility." *The Society for the Advancement of Management Journal*, January 1938, vol. 3, p. 32.

conclusion that "the utmost that can be said is that there are two modes in most organization line—which executes, and staff—which plans and renders many other incidental services."<sup>2</sup>

## 1. THE STAFF-AND-LINE CONCEPT

The staff and line concept is best understood by way of illustration. The major function of the engine plant of an automobile manufacturing concern may be said to be the line function of producing engines, but within the plant, the staff functions required to keep the assembly line moving may absorb the efforts of as many men as those on the line. At any single point on the assembly line itself, the major line task may be a specific duty like bolting the engine block, but the staff work required to get bolts, blocks, tools, and men together at the proper time and place is enormous. The State Department of the United States must maintain embassies, legations, and consulates abroad to conduct its foreign relations. That duty is its line function. At home its research, fiscal, and training divisions perform crucial staff services. A detective bureau and a traffic bureau are major line agencies within a municipal police department, but the police department officials must keep these line bureaus adequately staffed and supervised by means of a personnel bureau and other staff bureaus within the police departments. Even staff agencies, such as a budget agency, have to establish internal housekeeping or staff services of their own, and from this standpoint, the main job which a budget agency performs for related agencies is sometimes looked upon by its own employees as its line function, even though it is a staff agency.

These distinctions between staff and line have been defined in numerous ways.<sup>3</sup> A definition proposed in 1911 by C. B. Goring, a leader in the scientific management movement, is presented below. As editor of the *Engineering Magazine* before World War I, Goring had a wider view of the efficiency movement than most of his colleagues, since he related scientific management to the broader social issues of conservation, public health, and public welfare,<sup>4</sup> and he expressed the same flexibility in his technical discussions and definitions.

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<sup>2</sup> Alvin Brown, *Organization, A Formulation of Principle* (New York: Hibbert Printing Co., 1945), p. 278.

<sup>3</sup> Anderson and Schwenning, *The Science of Production Organization*, p. 125 et seq., Emerson, *Efficiency*, Chapter 4.

<sup>4</sup> See Chapter 5.

## C. B. GOING

"Principles of Industrial Organization"<sup>5</sup>

There are two great principles in organization commonly known as line and staff, or, to use the terms preferred by some industrial engineers, "military" and "functional."

Line organization is essentially simple, mathematical subdivision. An army under a major-general is divided into brigades under brigadier-generals; each brigade is divided into regiments, under their colonels, and each regiment into battalions under lieutenant-colonels or majors; each battalion is divided into companies under captains; each company is again subdivided under its lieutenants, and so on down to the corporal with his squad. Promotion is step by step upward; the private may hope to be made a corporal, a sergeant, a lieutenant, a captain, a major, a colonel, a general. The lines of authority and responsibility run continuously through the whole body from top to bottom, as the veins of the leaf gather to the stalk, and many leaf stalks to the twig; and many twigs to branch, and many branches to the trunk; and veins and stalk and twig and branch and trunk have practically similar duties to perform in the life and growth of the tree.

Staff organization is a division according to functions—division by which one military department does all the engineering work for the whole army, another supplies all clothing, or rations, etc. It is the division by which the roots absorb moisture and salts from the earth, the leaf cells make chlorophyll, the sap carries the products of these laboratories to the cell-building processes of the tree. Staff functions are co-ordinate and co-operative, but they do not stand to one another in any order of ascending and descending scale. The captain, simply as captain, ranks and commands the lieutenant; that is a line relation. But the engineer, as engineer, does not command the quarter-master; the quarter-master does not rank and command the surgeon; the leaf does not rank the root; that is a staff relation.

The functions of staff and line are, therefore, not antagonistic; they are not alternative and rival systems of organization, between which we may choose and say we will adopt this or that and refuse the other. Line organization is essential to discipline and essential to the continuous existence of the whole body. If the general retires there must be a colonel to succeed him; if the captain is killed in action, the lieutenant must take command of the company, or the men are scattered and lost. Staff organization is essential to efficiency, each branch of it in its own particular function. If the commissary fails and there is no food for the troops, the engineer cannot make up for the deficiency by vigorously building

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<sup>5</sup> C. B. Going: "Principles of Industrial Organization." *Principles of Industrial Engineering*. Selected from pp. 41-43. Reprinted by permission of McGraw-Hill Book Company, Inc. Copyright, 1911, McGraw-Hill Book Company, Inc.

bridges. Each staff must have a line organization within itself for discipline and continuity, but every complete organization must embody the principles of both line and staff if we are to secure the best results, the staff supplying expert functional guidance applied through the line's direct control.

As Going warns, staff and line are complementary rather than antagonistic features of any organization. Administrative work, however, is not always carried on in such doctrinaire compartments. These terms therefore must be used flexibly if they are not to obscure the real issues.

## 2. ORIGIN OF THE GENERAL STAFF CONCEPT

That line and staff are more related than separable is revealed by the fact that the military profession, which is conceded to have originated the line concept of organization, was also the first to develop the staff idea. Although the staff principle is generally thought to have been perfected in Prussian military circles during the eighteenth and nineteenth centuries, a conscious emphasis upon staff work has been traced as far back as the seventeenth century campaigns of Gustavus Adolphus of Sweden.<sup>4</sup> Among the basic formulations now available of the so-called general staff idea are those by (a) the Prussian General Bronsart von Schellendorff, writing in 1875, and (b) the American Secretary of War, Elihu Root, writing in 1902.

### (a) BRONSART VON SCHELLENDORFF

#### *The Duties of the General Staff*<sup>1</sup>

The General Staff forms an essential part of modern Army organization. The General commanding a large body of troops cannot, at least in war, encumber himself with minor details, though their consideration and proper order may be often of the highest importance. Apart from the fact that the mental and physical powers of one man are not up to such a task, the general supervision of all the fighting forces under the General's Command would be lost sight of. He should consequently have assistants. These assistants form his Staff. Officers of the General Staff are invested with no military command. But even without having any command they can make themselves extremely useful in an engagement by carrying out

<sup>4</sup> Brown, *Organization*, p. 277.

<sup>1</sup> Bronsart von Schellendorff, *The Duties of the General Staff*, Selected from pp. 1

4. Translated from the German by Lt. Col. W. A. H. Hare, of the British Royal Engineers, from the third edition dated 1893. London, 1895.

any special and important duties that may be entrusted to them by the General commanding, in addition to devoting themselves to their general duties. Their usefulness in this respect will be found to depend not only on their fitness and ability, but on their tact and discretion as well, in rightly appreciating the position they hold both as regards General and troops. The conditions to fulfill this, however, are not entirely one-sided. Troops very soon find out, indeed, especially in war, whether the duties of the General Staff are in good hands.

**(b) ELIHU ROOT**

**"Report of the Secretary of War"<sup>8</sup>**

We have a personnel unsurpassed anywhere, and a population ready to respond to calls for the increase of personnel in case of need. We have wealth and a present willingness to expend it reasonably for the procurement of supplies and material of war. We have the different branches of the military service well organized, each within itself, for the performance of its duties. Our administrative staff and supply departments, as a rule, have at their heads good and competent men. But when it comes to the coordination and direction of all these means and agencies of warfare, so that all parts of the machine shall work together, we are weak. Our system makes no adequate provision for the directing brain which every army must have, to work successfully. Common experience has shown that this cannot be furnished by any single man without assistants, and that it requires a body of officers working together under the direction of a chief and entirely separate from and independent of the administrative staff of an army (such as the adjutants, quartermasters, commissaries, etc., each of whom is engrossed in the duties of his own special department). This body of officers, in distinction from the administrative staff, has come to be called a general staff.

The duties of such a body of officers can be illustrated by taking for example an invasion of Cuba, such as we were all thinking about a few years ago. It is easy for a President or a general acting under his direction, to order that 50,000 or 100,000 men proceed to Cuba and capture Havana. To make an order which has any reasonable chance of being executed he must do a great deal more than that. He must determine how many men shall be sent and how they shall be divided among the different arms of the service, and how they shall be armed and equipped, and to do that he must get all the information possible about the defenses of the place to be captured and the strength and character and armament of the forces to be met. He must determine at what points and by what routes the place shall be approached, and at what points his troops shall land in Cuba; and for this purpose he must be informed about the various harbors of the island

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<sup>8</sup> Elihu Root: "Report of the Secretary of War." *Annual Reports of the War Department*, 1902, vol. I, selected from pp. 42-46.

and the depth of their channels, what classes of vessels can enter them what the facilities for landing are, how they are defended the character of the roads leading from them to the place to be attacked, the character of the intervening country, how far it is healthful or unhealthful what the climate is liable to be at the season of the proposed movement; the temper and sympathy of the inhabitants the quantity and kind of supplies that can be obtained from the country, the extent to which transportation can be obtained and a great variety of other things

All this information it is the business of a general staff to procure and present It is probable that there would be in such case a number of alternative plans each having advantages and disadvantages and these should be worked out each by itself, with the reasons for and against it, and presented to the President or general for his determination This the general staff should do Then at home, where the preparation for the expedition is to be made, the order must be based upon a knowledge of the men and material available for its execution, how many men there are who can be devoted to that purpose, from what points they are to be drawn what bodies of troops ought to be left or sent else where, and what bodies may be included in the proposed expedition, whether there are enough ships to transport them, where they are to be obtained, whether they are properly fitted up, what more should be done to them, what are the available stocks of clothing, arms and ammunition and engineers' material, and horses and wagons, and all the immediate supplies and munitions necessary for a large expedition, how are the things to be supplied which are not ready, but which are necessary, and how long a time will be required to supply them

All this and much more necessary information it is the business of a general staff to supply It is then the business of the General Staff to see that every separate officer upon whose action the success of the movement depends understands his share in it and does not lag behind in the performance of that share to see that troops and ships and animals and supplies of arms and ammunition and clothing and food, etc., from hundreds of sources come together at the right times and places It is a laborious, complicated, and difficult work, which requires a considerable number of men whose special business it is and who are charged with no other duties

It was the lack of such a body of men doing that kind of work which led to the confusion attending the Santiago expedition in the summer of 1898 The confusion at Tampa and elsewhere was the necessary result of having a large number of men, each of them doing his own special work the best he could but without any adequate force of officers engaged in seeing that they pulled together according to plans made beforehand Such a body of men doing general staff duty is just as necessary in time of peace as it is in time of war

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Without obeisance to an entrenched general staff corps of the Prussian type, American military organization has followed Secretary Root's prescription. Forty years after this plea for the creation of a general staff, a top military headquarters was opened at the Pentagon Building in Arlington which, at the height of World War II, housed a total of 32,000 staff personnel. Only a few hundred were officers of the General Staff Corps, but the remainder, nevertheless, served in a number of staff capacities.

### 3. SPECIAL, GENERAL, AND OTHER TYPES OF STAFF

We find, therefore, all kinds of staff agencies backing up the line aside from the so-called general staff. There is always "a man behind the man behind the gun," and this phrase applies to the endless chain of staff agencies behind the industrial assembly line as well as those behind the military front line.<sup>9</sup> The phrase refers also to the administrative mechanisms of society. Here the term *staff* has come to be used in various ways, but a frequent differentiation is one which has been used in military parlance; namely, the difference between *special staff* and *general staff*. Its further adaptation to business and government is seen below in readings from (a) L. Urwick, who described the application of the dual staff idea to business, and (b) Leonard D. White, who described its adaptation to government.

#### (a) L. URWICK

##### "Scientific Principles and Organization"<sup>10</sup>

Business thought on this subject has been much confused by the fact that in the United States army, from which the term was borrowed, the word "staff" is used in two senses. It is applied to both specialist or functional authorities, engineers, supply corps [quarter-master] and the like, and, with the appellation "general staff," to officers who assist the commander in carrying out his functions of command. Now, the duties of these two groups and their relations with their commander and his subordinates are fundamentally and diametrically different. The general staff officer is not a specialist. He is primarily an assistant for coordination. He has no authority of his own and no responsibility of his own; he exer-

<sup>9</sup> Ordway Tead, for example, derives the term *line* from the conception of "clear line of authority." "The Importance of Administration in International Action." *International Conciliation*, January 1945. No. 407, pp. 10-11.

<sup>10</sup> L. Urwick: "Scientific Principles and Organization." American Management Association; Institute of Management Series, No. 19, 1938, selected from pp. 14-15. Reprinted by permission.

cises the authority of his commander, who takes full and direct responsibility for his actions. He is not "over" his commander's principal subordinates who are usually, considerably his superiors in seniority and in status. He issues instructions to them over his own signature, but they are not his instructions, they are his commander's. He has usually no subordinates responsible to him except, possibly, one or two junior staff officers and a few clerks.

Now, this staff principle is duplicated at every level in military organization. And the fact that at each level there are officers whose principal duty is to see that the wheels go round, that what commanders have decided in the broad is in fact carried out in detail without friction, does in my experience greatly increase speed of action and relieve executives in charge of groups and units of an enormous amount of work. Staff officers at different levels deal directly with each other in ascertaining that functions serve the line and that the line uses functions. Where the authorities cross, it is their business to see that adjustments are made and to go to their chief only when all resources for dealing with the obdurate have been exhausted. Being comparatively junior officers who are not in competition with each other's chiefs for promotion and who are judged by their success in avoiding friction, they are unlikely to stand on their dignity. In short you have your diagonal lines, a third estate specially set up to deal directly with your problems of coordination. And, as a business man, I have a conviction that when a problem is recognized it is usually best to appoint someone to deal with it directly.

As I have already indicated, "staff organization" as that term is used in business is a confusion between two concepts. Functional specialists are not staff officers. It is the multiplication of such specialists which makes staff officers necessary.

## (b) LEONARD D. WHITE

### "Some General Aspects of Organization"<sup>11</sup>

In the not remote past, each major department or establishment was a self-contained unit. Each assumed full responsibility for all of its primary and secondary operations. The United States Department of Agriculture not only enforced interstate plant quarantines and conducted research, it also kept its own accounts, made its own disbursements, submitted its own budget to the House Appropriations Committee, purchased its own supplies, hired its own personnel, and rented its own quarters. Every department jealously guarded its own operating self-sufficiency and went its way without paying much attention to its neighbors.

Gradually, over a long period of years, the "major purpose" departments have been losing part of their responsibility for carrying on

<sup>11</sup> Leonard D. White, *Some General Aspects of Organization*. Introduction to the *Study of Public Administration*. Selected from pp. 41-43. Reprinted by permission of The Macmillan Company. Copyright 1939 The Macmillan Company.



their auxiliary or secondary services. These services, responding to the pressure of specialization and presumed economies, have been separately organized partly outside, partly inside the line departments. The work specialized outside the departments is usually organized directly under the chief executive, but is sometimes attached to a central finance department. Thus we now find central purchasing offices, central personnel agencies, central disbursing offices and others, independent of any department, and corresponding subordinate offices inside the departments.

No standard terminology has yet been accepted for this class of administrative agencies. Willoughby called them the institutional or housekeeping services, terms which have merit but which have not been generally adopted. They are often erroneously called staff services, a confusion which should be avoided. Gaus suggests "auxiliary technical staff services," a useful suggestion. In order to propose a terminology which is not liable to confusion, I suggest and in this volume shall use the term, auxiliary services. This term is used in continental countries.

The staff function and the function of the auxiliary services are therefore different and ought not to be confused. The auxiliary services are operating agencies, the staff is a thinking, planning and advisory agency. The auxiliary agencies are concerned with the maintenance of an existing organization, and are not concerned with major substantive policies; the staff is concerned with the revision of organization as new needs may dictate, and with the reformulation of major policies. In actual practice, naturally, the allocation of functions does not always sharply recognize these logical categories; usually staff work is not clearly segregated; the work of the auxiliary services may only partly be placed in special organs; and auxiliary agencies may also perform genuine staff functions owing to lack of sharply exclusive differentiation of work.

Thus, staff organization is not limited to one or two types. Three business specialists, Paul Holden, Lounsbury Fish, and Hubert Smith, found after their thorough survey of the top management of twenty-six American business concerns, that there were four types of staff agencies: control, service, coordinative and advisory.<sup>12</sup> As Urwick and White have shown, however, the preference has been for the distinction between the advisory type on the one hand and service type on the other. This dual classification is roughly comparable to the general staff and special staff in the military field, or the terms staff and auxiliary services in public administration.

However, this distinction between the advisory type of staff and the service type of staff, like the general distinction between staff

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<sup>12</sup> Paul Hodden, Lounsbury Fish, and Hubert Smith: *Top-Management Organization and Control*. Palo Alto: Stanford University Press; 1941, pp. 38-44. See also E. J. Coil: "Administrative Organization for Policy Planning." *Advanced Management*, January 1939, vol. 4, p. 12.

and line, is not uniformly accepted, and in both business and public administration the terminology is uncertain and confusing. Professor W. F. Willoughby, from whom Professor White adapted the "service" concept, used institutional or housekeeping to contrast with what he called the functional or line activity. Unfortunately, Fredenck Taylor, who is the parent of most of the basic terminology in industrial management, used the term functionalism to designate the staff or service activities. As for Willoughby's housekeeping services and White's auxiliary services, neither has become standard terms in public administration for this special type of staff activity. Professor John Gaus arrived at a merger of terms: auxiliary technical staff services.

As to the actual meaning and content of all this terminology, specialists in public administration and political science frequently agree on one main point: that the more purely termed staff activity involves only the advisory function, whereas the auxiliary or housekeeping or service or special staff function involves such services as budgeting, personnel, and planning activities. However, even this terminological agreement in the field of public administration is marred by the fact that Donald Stone, who has recently had some rewarding experience in the field of organizational management, includes under general staff such functions as "budgeting, program planning, personnel, organization and methods," and has classified under the category of service or auxiliary functions such activities as "statistical, procurement and other office services." Stone takes the position, however, that such functions as "accounting and legal services" are "more akin to the service units than they are to the general staff divisions."<sup>13</sup>

The distinction between general staff and special staff has begun to outlive its usefulness even in military organization. After a basic study of the American general staff, General Otto Nelson, proposed in 1946 the substitution of two new major concepts in military organization in addition to the line or combat element, these were service and command. Although this terminology recognized the virtually independent status given certain service units during World War II, changes in the practice and theory of military organization moved so fast during the air and atomic phases of the war that even more drastic deviations from existing organizational structure have been made. For example, the main breakdown that developed in the post-war American Air Forces organization was between operations and administration.<sup>14</sup> This development incorporates, under the wider designation of administration, a merger of both general staff

<sup>13</sup> Stone, *New Horizons in Public Administration*, p. 71.

<sup>14</sup> See Chapter 13.

and special staff agencies; and it is obviously a return to the simpler differentiation between the two major modes of organization—staff and line. In this basic phase of organization, it appears to be literally true that *plus ça change, plus c'est la même chose*.

#### 4. STAFF SPECIALIZATION AND FUNCTIONALISM

The staff concept, in this combined sense, is by no means restricted in its application to the military headquarters or the administrative office. Under the general term, *functionalism*, conceived by Frederick Taylor, the concept reached its perfection in the factory. How far the scientific management school was willing to use staff specialization to back up an equally specialized production line is indicated by the following selections from Frederick Taylor and Frank Gilbreth.

##### (a) FREDERICK TAYLOR

###### *Shop Management*<sup>15</sup>

All possible brain work should be removed from the shop and centered in the planning or laying-out department, leaving for the foreman and gang bosses work strictly executive in its nature. Their duties should be to see that operations planned and directed from the planning room are promptly carried out in the shop. Their time should be spent with the men, teaching them to think ahead, and leading and instructing them in their work.

Throughout the whole field of management the military type of organization should be abandoned, and what may be called the "functional type" substituted in its place. "Functional management" consists in so dividing the work of management that each man from the assistant superintendent down shall have as few functions as possible to perform. If practicable the work of each man in the management should be confined to the performance of a single leading function.

##### (b) FREDERICK TAYLOR

###### *Harvard Lectures*<sup>16</sup>

You realize, of course, that the military type of management has been here entirely abandoned, and that each one of these functional fore-

<sup>15</sup> Frederick Taylor: *Shop Management*. Pp. 98–99. Reprinted by permission of Harper & Brothers. Copyright, 1911, Harper & Brothers. A 1947 edition is published in a volume which includes *Scientific Management*.

<sup>16</sup> Frederick Taylor: *Harvard Lectures*. Quoted by Frank Copely: Frederick W. Taylor. Vol. 1, p. 290. Reprinted by permission of Harper & Brothers. Copyright, 1923, Harper & Brothers.

men is king over his particular function, that is king over the particular class of acts which he understands, and which he directs and that not only all of the workmen throughout the place obey the orders of this functional foreman in his limited sphere, but that every other functional foreman obeys his orders in this one respect

Thus we have a radically new, and what at first appears exceedingly confusing state of things, in which every man, foreman as well as workman receives and obeys orders from many other men, and in the case of the various functional foremen they continually give orders in their own particular line to the very men from whom they are receiving orders in other lines. For this reason the work of the Planning Department represents an intricate mass of interwoven orders or directions, proceeding backward and forward between the men in charge of the various functions of management

(c) FRANK B. GILBRETH

"Units, Methods, and Devices of Measurement under Scientific Management"<sup>17</sup>

It will be noted that the worker receives orders directly from eight different foremen. One might suggest, on observing this, that it has often been said that no man can serve two masters. This holds good today, even in scientific management. But under scientific management the worker does not "serve eight masters" nor eight functional foremen, but, on the other hand, he receives help from eight different foremen or teachers.

The four functions in the *planning* department are represented by (1) route man and order of work man, (2) instruction cards, (3) time and cost, (4) disciplinarian. Of the performing department we have four functions represented by (5) gang boss, (6) speed boss, (7) repair boss, (8) inspector. These functions, like those of the planning department, are represented by as many men as the nature and amount of work justifies. All such representatives deal, directly both with all individuals in the planning department, and with each individual worker.

**Route man**—The duty of the route man is to determine and plan in advance the path of each piece of material, worked and unworked, as it passes through the shop.

**Instruction card**—It is the duty of the instruction-card function to work out in detail and to devise and construct an instruction card describing the method of least waste for each element of the route sheets which are made from the route charts.

<sup>17</sup> Frank B. Gilbreth, "Units, Methods and Devices of Measurement under Scientific Management," *Journal of Political Economy*, July 1913, vol. 21, selected from pp. 620-24. Reprinted by permission.

**Time and cost.**—After the worker has performed his work, a return of the time that it took him to do his work, together with its cost, goes to the time and cost clerk who calculates the pay-roll, including the bonuses, and the costs of each piece or subdivision of the work.

**Disciplinarian.**—The disciplinarian must be a broad-gauge man, who is able to keep peace in the organization, to anticipate and prevent many misunderstandings before they actually occur, and to arbitrate or judge fairly such disagreements as do take place.

**Gang boss.**—The gang boss under scientific management is not the "strong arm" type of man. Instead he is a man who knows of the measuring methods of motion-study and time-study, and who can teach the worker the methods shown on the instruction card.

**Speed boss.**—Regardless of the popular impression as to his duties, the speed boss does not speed up the men. His duty is to see that the machinery moves at the exact speed called for on the individual instruction card.

**Repair boss.**—His duties consist principally in seeing that all machines are kept clean and in proper condition, and in carrying out repairs and overhauls.

**Inspector.**—Many times, under traditional management, the inspector comes around after the work is done, condemns it, and walks away, leaving it to others to see that the work is replaced to his satisfaction. Under scientific management the inspector is required to stand near the worker when he is handling a new piece of work for the first time, in order to see that the worker thoroughly understands his work as it progresses.

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In the evolution of organization for modern mass production and large-scale management, the division of labor thus elaborated the tasks of staff agencies. Despite the insistence of Taylor and Gilbreth that this proliferated staff served but did not rule the line, an increasing feeling was apparent that functional organization had become unduly complex.

## 5. REACTION AGAINST FUNCTIONALISM

The reaction against functionalism appeared (a) in the 1920's in the United States as seen in the comments below of W. J. Donald, later director of the National Electrical Manufacturers' Association; and (b) in the 1930's abroad, particularly in Soviet Russia, as revealed in the report of Professor Samuel N. Harper of the University of Chicago, America's foremost scholar of the Soviet society preceding World War II.

## (a) W J DONALD

'Theories and Types of Organization' <sup>18</sup>

If we have any particular curse in an organization today it is in the cross currents of authority the division of authority the fact that a foreman hardly knows who is boss hardly knows to whom he should go for instruction My first principle of organization whether it be in government or business is undivided and locatable responsibility Here we have in business today all sorts of cross currents of authority—production control, personnel departments that are supposed to control industrial engineers that encroach on the functions of the line organization training departments that take entirely away from the foremen the function of training and personnel departments that at one time said they could compel the foremen to take men whom they did not want to take and compel them to keep men that they did not want to keep Functionalization ran riot over the last twenty years approximately

## (b) SAMUEL N HARPER

Soviet Functionalism <sup>19</sup>

A general reorganization of the apparatus of administration of both the Soviets and the Party in 1934 was an outstanding instance of the fight against the evils of bureaucratic control it also represented the tendency toward decentralization as part of this struggle The new Commissions of Control—of Soviets and Party—were the product of this reorganization What the Soviet leaders and writers called functionalism in administration was to be eliminated The apparatus of administration in both the Soviets and the Party had till then been organized on the basis of the functions performed and in this way any given enterprise was subject to a whole series of inspections and directives with respect to each of its functions All institutions have had in varying measure political economic and cultural functions and it was necessary to organize administration on this so-called principle of functions in order to promote all of them as part of the building of the new order This functional form of administration was one of the factors responsible for the inefficiency of management red tapism and dispersal of responsibility Here was one of the causes for the failures to meet the schedules of production for example One Soviet leader in describing the results of functionalism in administration suggested that it meant one authority when a hand was to lift food to the mouth another when it was to write a report and still

<sup>18</sup> W J Donald 'Theories and Types of Organization' Selected from Donald's address to the Conference of Production Executives Division American Management Association Niagara Falls June 1928

<sup>19</sup> Samuel N Harper *Soviet Functionalism The Government of the Soviet Union* Pp 109-10 Reprinted by permission of D Van Nostrand Company Inc Copyright 1938 D Van Nostrand Company Inc

another when it had to hit somebody in the face, and thus for all hands everywhere.

Harper used somewhat stronger language than Donald used in criticizing American functionalism. His opinion represented, however, the growing consensus in Russia during the 1930's that the authority of staff agencies had to be limited if there was to be responsible administration by individual managers and effective operations by workers and technicians operating on the line.<sup>20</sup>

## 6. STAFF VERSUS LINE

The staff and line controversy also raged with intensity in the field of public administration. Public administrators recognized the significance to modern management of such staff services as: (1) budgeting and finance, (2) personnel, and (3) planning, which Louis Brownlow has called the "non-delegable functions" of the executive;<sup>21</sup> and of additional staff functions involving (4) research, reporting, and public relations, (5) legal services, and (6) other management procedures.<sup>22</sup> Yet the question of subordinating or transcending the line activities in relation to these staff functions remained unanswered. Below are the alternative points of view presented by (a) Professor Willard N. Hogan, a former member of the staff of the Federal Works Agency and Professor of Political Science at Berea College, and (b) O. Glenn Stahl, who taught political science at New York University and also had extensive experience as a personnel officer with the Tennessee Valley Authority and with the Federal Security Agency.

### (a) WILLARD N. HOGAN

#### "A Dangerous Tendency in Government"<sup>23</sup>

Housekeeping services are usually regarded as routine functions, subject only to the principles of efficient management and without significant relation to policy control and to the larger affairs of public administration. This view, however, is not realistic. Whoever controls the mechanics of administration is in a position to influence its policy and its

<sup>20</sup> Gregory Binstock, Solomon M. Schwarz and Aaron Yugow: *Management in Russian Industry and Agriculture*. London and New York: Oxford University Press; 1944, pp. 7, 14, 15.

<sup>21</sup> Louis Brownlow: "The Executive Office of the President." *Public Administration Review*, Winter 1941, vol. 1, p. 105. See below, chaps. 14, 15, 16.

<sup>22</sup> See Chapters 17, 18, 19.

<sup>23</sup> Willard N. Hogan: "A Dangerous Tendency in Government." *Public Administration Review*, Summer 1946, vol. 6, selected from pp. 235-39. Reprinted by permission.

function. This is true because the mechanics, or the housekeeping services, provide the physical means for implementing policy and administration.

The allocation of space may dignify or embarrass an official in the bureaucratic rivalry. The opinions (perhaps unconscious) of the space control officer as to the relative importance, desirability, and permanence of various activities have a great influence. Any reasonably close observer of the Washington scene must be impressed by the battles for desirable office space that occur even at Cabinet level. The communications center, or mail room, is a key spot in the administration of a government agency. The authority to release mail, the priority and dispatch with which messages are handled, and the information about an agency's operations which may be gleaned at this spot are the major factors in the influence which control of communications exerts on administration and policy. The maintenance of central files and records and the use of stenographic pools also permit the managers of the housekeeping services to influence the course of administration by the priority and degree of cooperativeness with which they serve the various operating units depending on them. The person deciding the method and order of meeting requests for files and records is in a position to influence the work of the operating units. Influence with a minor supervisor to get one's batch of work slipped in near the top of the heap counts for a lot in meeting deadlines and in winning for oneself a reputation for efficiency. Supervision of mimeographing and similar services brings a definite possibility of influencing operations. Priorities determine in what order backlogs of work will be handled. More important, however, are the requirements often established by the service unit for standardizing terminology. It is not unknown for the manager of the duplicating services to insist upon an editorial prerogative that affects content.

A more direct, and even more significant effect of centralized services is found in personnel and budgetary controls. An operating executive in the federal government is now faced with the civil service system which, in safeguarding merit and tenure practices, has built up a huge body of rules and a professional terminology that leave the operating executive no alternative but to depend heavily upon a career specialist for personnel matters which lie at the very crux of management.

Centralization of major budgetary functions of the federal government in the Bureau of the Budget has been paralleled by the formation of a specialized budget staff or unit within each federal agency. Often this arrangement results in a conflict of interests and functions between those officials who are primarily interested in performing a certain task and those who are primarily interested in operating at the lowest possible cost. Control of the amount of money requested and spent lies at the heart of management. With the personnel ceilings administered by the central budgetary agency, two of the fundamental ingredients of operation (manpower and money) are put largely in the hands of a set of officials who have no direct responsibility for performing the operating tasks.



Centralized services and budgetary and personnel controls are giving us a bad case of organizational schizophrenia as the control of mechanics becomes dissociated from, and builds up competing interests with, policy direction. Management tends to become mere management. The policy director tends to become a back-seat driver and the bureaucracy develops an immunity to policy changes at the top. Excessive preoccupation with budgets, limitations, and controls of various sorts puts a premium on negativism in public administration. Sound administration requires that, so far as possible, responsibility for coordination and planning be placed in the operating line. This is consistent with the basic management principle of allocating definite functional responsibility with corresponding authority.

(b) O. GLENN STAHL

"Straight Talk About Label Thinking"<sup>24</sup>

To assail certain management controls in government administration as interferences with "operating" programs is one of the fashions of the day that matured during the War. The complaints and attacks (and occasionally even the fears) center in varying degrees on budget, personnel, accounts and audits, management planning or analysis, and housekeeping services, which are deplored as unwarranted "obstructions" to authority and responsibility for carrying out programs successfully.

What is "service" at one point may be "control" at another. These management people are directly responsible to the top executive. They "serve" him. Nevertheless, the top executive is a very busy man. He expects his management people to be broad gauged and program conscious. Therefore, he asks them to represent him and act for him in varying degrees on personnel, budgetary, and comparable matters. When they are in contact with program officers at any point below the chief executive, they are either advising, providing the "know how," or controlling administration. To some extent, they are acting as line officials in their respective fields of specialization. And what is so frightening about this? They are no more "specialists" than the various program officials themselves. It is the only way by which the busy top executive can maintain the controls he must maintain if he is to exercise real leadership and influence in the organization. To assume that a personnel, budget, or other management specialist should jump through hoops at every wish or whim of every program official at any point down the line is not so much a recognition of the proper "service" relationship of these management people as it is a denial of the authority of a superior level in the line—the level in the hierarchy above the program official and to which he is responsible—the level at which the management specialists are employed

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<sup>24</sup> O. Glenn Stahl: "Straight Talk about Label Thinking." *Public Administration Review*, Autumn 1946, vol. 6, selected from pp. 362-65. Reprinted by permission.

expressly for the purpose of informing, guiding, helping, and, if necessary, restraining him, for the good of the program and by the general order or delegation of the superior officer

Of course, these specialists are often wrong in degree or in direction at any time or in the case of any individual. But so are "program" men! They are all human beings. The program that grows out of the zeal of expert interest and specialization is not solved by insisting on the exclusive rights of various specialties within a program to operate without substantial outside management controls, but by preparing specialists and experts of all stripes to be generalists and executives

A number of public officials and students of public administration have contributed their views to this issue in an attempt to answer the question whether the staff mechanism was "the last bad hope of sound administration" or "the indispensable right hand of the efficient executive" <sup>25</sup>

## 7. STAFF PLUS LINE

Marshall Dimock, emphasizing the importance of the line rather than the staff agencies, here presents a formula for the reconciliation of both

### MARSHALL DIMOCK

#### "The Meshing of Line and Staff" <sup>26</sup>

The staff officer must be kept in his place. But this does not mean that he must be kept down, that he must be discouraged, that his initiative and imagination must be checked. On the contrary, all these characteristics should be encouraged. The important question is, through what channel are they to be directed? They should, of course, flow through the responsible operating executive, not around him.

This process may be described in terms of the following sequence: the staff official makes a recommendation, it is approved by the responsible executive who, in his authoritative capacity, announces to those below him in the hierarchy that the recommendation is going to be adopted. Thereafter there are many details in connection with putting it into effect that can be carried out more effectively by the staff official than by the line

<sup>25</sup> George W. Bergquist "Coordinating Staffs—Are They Really Dangerous?" *Public Administration Review*, Summer 1947, vol. 7, pp. 179-83. Felix A. Nigro "Some Views on the Staff Function" *Personnel Administration*, November 1947, vol. 10, pp. 10-13.

<sup>26</sup> Marshall Dimock "The Meshing of Line and Staff" *The Executive in Action*. Selected from pp. 102-04. Reprinted by permission of Harper & Brothers. Copyright, 1945 Harper & Brothers.

official and with a saving of time to the latter. So long as the subordinates in the hierarchy are aware that this delegation is authorized and that the staff officer is not acting independently, unification of managerial responsibility is not impaired and there is no loss of influence and responsibility on the part of the executive.

Just as the chief executive is aided by staff officials in the carrying out of his program, so also do subordinate line executives establish normal and continuous relationships with staff officials in the development of their work. If the line official cannot satisfy the staff assistant as to the necessity of his proposal, then the door of the executive's office must be open to him and he should be free to state his recommendation, explain any points of difference he has with the staff assistant, and leave the decision to his superior. As a general proposition also, if the decision is close, the chief executive should decide in favor of the line official, since presumably he knows his own needs better than any staff assistant because he is closer to them and is responsible for results. If the chief executive fails to back him up then he is bound to feel that his judgment is in question. This injures his initiative and self-confidence—as well as his confidence in his superior—and is to be avoided if possible. Ordinarily, however, if both line and staff men are competent, they will be able to reach an agreement and make a unified recommendation. Close decisions are rare when all the facts are known.

In some organizations where staff assistance is overemphasized, from the standpoint of both the influence and the number of staff officials, the chief executive is likely to be cut off from his department heads. An executive should never lose sight of the fact that his closest contacts must be with the heads of the operating departments, and that it is upon them more than any others that the success of the program depends. If he permits himself to become cloistered because of the more favored position of the staff officials, the morale and driving force of the program will be impaired.

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Dimock's advice, not to overemphasize staff against line, represents an emerging pattern of thought in both government and business.²⁷ The chief danger in preferring staff is not merely one of neglecting the line's crucial operating experience, but the related possibility of falling into the habit of channelizing decisions and activities from all agencies through some selected staff agency, which becomes virtually the "boss's pet." In some military headquarters, for example, the operations section or the planning staff is selected as the commander's main channel to the consternation of the rest of the organization. In some industrial concerns, major decisions and many services may be filtered through the industrial engineering divi-

²⁷ Henry H. Farquhar: "The Modern Business Staff." *Administrative Management*, May 1939, vol. 4, pp. 60-67.

sion²⁸ Certainly, there is a need in civilian as well as military administration for a chief of staff or secretariat through which decisions to be put before the chief executive may be filtered. But to select one among various specialized staff agencies to perform this function may seriously endanger the performance of other staff as well as line agencies.

To be sure some staff aide or staff agency must do this sort of channelizing. The designation, however, of that aide or agency is a delicate matter. In the case of the Federal government, there has grown up a tendency to treat the Bureau of the Budget as the major staff agency. Thus, many personnel decisions, particularly those involving increases in expenditures, are cleared through the Bureau, and no doubt properly so. There have also been added to the Bureau of the Budget administrative management functions. Although the assignment of these functions may be in accordance with approved practice, the addition of other functions, such as the clearance through or approval by the Bureau of the Budget of all legislative proposals of the executive departments, raises serious questions of competition between staff and line agencies at the highest level of the Federal government. Some topside staff machinery for clearing and co-ordinating high level policy decisions of this kind must be designated. Should it be the staff agency whose central mission is the more specialized fiscal field? Whatever the answer, the fact is that a specialized staff agency frequently and inevitably finds itself placed at the vortex of the stream of administration, thus leading to conflict not only with line agencies generally, but also to competition with related staff agencies.

8 THE STAFF SKILL

What is required, therefore, is not only a sound structural set up of staff agencies, but also a sagacious staff skill on the part of those who man these agencies. Although staff skill is an important factor in most administrative posts, particularly posts in service or auxiliary staff agencies dealing with finance, personnel, and planning, the staff skill is an exceptionally important requirement for the general staff type.

This need is well demonstrated in the following reading by Professor John M. Caus of the Graduate School of Public Administration at Harvard University, and Leon Wolcott, who was a member of the United States Department of Agriculture.

²⁸ John B. Thurston "Managerial Control Through Industrial Engineering" U. S. Bureau of the Budget Conference on Organization and Methods Work First Series June 4, 1946.

Professor Gaus is one of the deans of American political science and, during his long teaching career at Amherst College and the Universities of Minnesota and Wisconsin, stimulated a generation of students in the field of public administration. Intermittently, he carried on a program of research and consultation in Federal and international agencies. His study of the Department of Agriculture, carried on jointly with Leon O. Wolcott, is quoted below.

JOHN M. GAUS AND LEON O. WOLCOTT

"Purpose of the General Staff" ²⁹

By necessity most, if not all, line matters directed to the Secretary must clear through the general staff. There were insufficient hours in the day to permit the Secretary to give adequate attention to all or even to the most important questions. Countless orders, memoranda, letters, and other papers required his signature; records or hearings and budget recommendations were subject to his review; and questions of policy and organization needed his attention. In addition, the demands on the Secretary's time by the President, the Congress, his party, interest groups, organizations, and individuals were extensive. The general staff acted to reduce these pressures on the Secretary: it reviewed practically everything directed to the Secretary; it evaluated each matter in the light of all relationships, of departmental functions and policy; it determined the merits of each case and passed it on to the Secretary with a recommendation—based upon its analysis—for action.

General-staff personnel should be generalists. This does not preclude their also being specialists; but for specialists to be good staff men they should also be generalists. It is much more important that they know enough about everything so that interrelationships will at all times be clear. Specialists are necessary in each field; the generalist must see that all efforts add up to a positive program and do not cancel each other. The specialist may make his greatest contribution through knowing everything about his particular subject; the generalist must know enough about each segment to guide its integration into the whole.

General-staff personnel should also be self-effacing. They should be unambitious in a narrow personal sense but thoroughly ambitious to get the job well done, to get problems solved and results achieved. They have no authority of their own except the authority of ideas, which depends upon their competence and their effectiveness in winning consent.

A third important qualification of a good staff man is that he like people. This is not an absolute requirement and may be offset by excel-

²⁹ John M. Gaus and Leon O. Wolcott: "Purpose of the General Staff." *Public Administration and the United States Department of Agriculture*. Selected from pp. 296, 298–301. Reprinted by permission of Public Administration Service. Copyright, 1940, Public Administration Service.

lence at other points, but it is always desirable and valuable, and certainly he must not dislike people. With such a trait one finds it easier to get along with and win the confidence of others. We do not refer to superficialities but to a deep, though discriminating, affection toward others. Based upon sincerity and understanding, it smoothes the way to winning consent. General staff personnel must respond generally to all sorts and all conditions of men.

In addition to these special qualifications and others that might be added, a good general staff man should possess something more, a certain 'plus' that is as real as it is intangible. No single word adequately describes this quality. Integrity connotes much of the content, if integrity is thought of in a positive sense and as being based on wisdom. It is the quality that insures the public interest in governmental action and is present only in those who have a real understanding of the public interest. It derives, therefore, from real ability, wide knowledge, and firsthand experience. Dangers of faulty staff work can be overcome if the staff man will go out 'to see for himself what the battlefield is like'.

Something in this view reflects Brooks Adams' belief that the generalizing capacity of the administrator represents the "highest skill of the human mind."³⁰ Professor Laski has commented similarly about British society: "The wisdom that is needed for the direction of affairs is not an expert technique but a balanced equilibrium. It is the knowledge of how to use men, a faculty of judgment about the practicability of principles. It consists not in the possession of specialized knowledge but in a power to utilize its results at the right moment and in the right direction."³¹ This is a requirement to some degree of every man down the line. For, in some of his relations, every administrator has to be a generalizer or a staff officer. However, this is especially the case, as Gaus and Wolcott point out, of the general staff man.

Perhaps the main type of flexibility required of the staff man is the ability to comprehend the theory and practice of staff and line without permitting his hands to be tied by staff and line doctrine. For example, many military and civil administrators insist that a staff officer may recommend or request, but he must never order or command. However, no staff man, general or special, is doing his duty if he cannot deliver an order and make it stick. Moreover, the very first time a staff officer makes a recommendation to a line officer which is not taken or is reversed, then the influence and authority of that staff officer begins to wane. Paradoxically, therefore, the staff officer must learn to command by the power of his recommendations, whether

³⁰ See Chapter 1.

³¹ Harold J. Laski, "The Limitations of the Expert," *Fabian Tract* No. 235, p. 9.

they take the form of advice to his chief or requests to his chief's subordinates. When Paul Appleby, for example, was Assistant to the Secretary of Agriculture, he had only one formal "power" actually delegated to him. This was the "power" to sign the secretary's name on requisitions for noiseless typewriters, which were in critical shortage at the time. Yet Appleby, as a consequence of the informal delegation of power from the secretary, exercised final authority in the great majority of the decisions (by bulk if not by significance) that were made in the Department of Agriculture. A major test of the staff man, as of the general administrator himself, is whether he can convert requests into orders and recommendations into commands.

9. THE EXECUTIVE STAFF IN THE WHITE HOUSE

Although the staff problem may be felt at all levels of authority, it is seen most dramatically and its effects are most damaging if the problem is not solved at the top of the executive structure. The attempts to organize the White House staff have enlisted the continuous efforts not only of specialists in public administration,³² but, as the three readings below indicate, of American Presidents as politically divergent as Franklin Roosevelt and Herbert Hoover:

(a) Some of these problems were explored during the interval between the depression period of the 1930's and the World War II period of the 1940's, when the President's Committee on Administrative Management took the first major steps toward the solution of the problems in its famous report of 1937. The Committee consisted of Louis Brownlow, Luther Gulick, and Charles Merriam.

(b) Corrective legislation incorporating some of the committee's recommendations was passed, but political scientists continued their studies of overall administrative staff organization for the Federal government. Some of their ideas are reflected in the report of the Conference on the Organization of the Executive Branch of the Government held at the University of Michigan in 1948, which was convened at the instance of Professor James K. Pollock.

(c) Professor Pollock was a member of the fifteen-man Commission on Organization of the Executive Branch of the Government, appointed in 1947 jointly by the President, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate. Under the chairmanship of Herbert Hoover, the Commission made a series of reports in 1949.

³² Fritz Morstein Marx: *The President and His Staff Services*. Public Administration Service, No. 98.

(a) PRESIDENT'S COMMITTEE ON ADMINISTRATIVE
MANAGEMENT

"The White House Staff"²³

The President needs help. His immediate staff assistance is entirely inadequate. He should be given a small number of executive assistants who would be his direct aides in dealing with the managerial agencies and administrative departments of the Government. These assistants, probably not exceeding six in number, would be in addition to his present secretaries, who deal with the public, with the Congress, and with the press and the radio. These aides would have no power to make decisions or issue instructions in their own right. They would not be interposed between the President and the heads of his departments. They would not be assistant presidents in any sense. Their function would be, when any matter was presented to the President for action affecting any part of the administrative work of the Government, to assist him in obtaining quickly and without delay all pertinent information possessed by any of the executive departments so as to guide him in making his responsible decisions, and then when decisions have been made, to assist him in seeing to it that every administrative department and agency affected is promptly informed. Their effectiveness in assisting the President will, we think, be directly proportional to their ability to discharge their functions with restraint. They would remain in the background, issue no orders, make no decisions, emit no public statements. Men for these positions should be carefully chosen by the President from within and without the Government. They should be men in whom the President has personal confidence and whose character and attitude is such that they would not attempt to exercise power on their own account. They should be possessed of high competence, great physical vigor, and a passion for anonymity. They should be installed in the White House itself, directly accessible to the President. In the selection of these aides the President should be free to call on departments from time to time for the assignment of persons who, after a tour of duty as his aides, might be restored to their old positions.

This recommendation arises from the growing complexity and magnitude of the work of the President's office. Special assistance is needed to insure that all matters coming to the attention of the President have been examined from the over-all managerial point of view, as well as from all standpoints that would bear on policy and operation. It also would facilitate the flow upward to the President of information upon which he is to base his decisions and the flow downward from the President of the decisions once taken for execution by the department or de-

²³ President's Committee on Administrative Management. "The White House Staff." *Administrative Management in the Government of the United States* 1937, selected from pp. 5-6.

partments affected. Thus such a staff would not only aid the President but would also be of great assistance to the several executive departments and to the managerial agencies in simplifying executive contacts, clearance, and guidance.



In addition to this assistance in his own office, the President must be given direct control over and be charged with immediate responsibility for the great managerial functions of the government which affect all of the administrative departments, as is outlined in the following sections of this report. These functions are personnel management, fiscal and organizational management, and planning management. Within these three groups all of the essential elements of business management are comprehended.

The development of administrative management in the Federal government requires the improvement of the administration of these managerial activities, not only by the central agencies in charge, but also by the departments and bureaus. The central agencies need to be strengthened and developed as managerial arms of the chief executive, better equipped to perform their central responsibilities, and to provide the necessary leadership in bringing about improved practices throughout the government.

The three managerial agencies, the Civil Service Administration, the Bureau of the Budget, and the National Resources Board, should be a part of the executive office. Thus, the President's three managerial institutions, whose work and activities would affect all of the administrative departments, report to him directly.

(b) Conference on the Organization of the Executive Branch of the Government³⁴

With respect to the organization of central staff services at the presidential level, three alternatives were discussed. One was the grouping of such functions as budgeting, accounting, personnel, and purchasing in a Department of Administration, the head of which would be a member of the Cabinet. The second was the grouping of these services in a central staff unit within the Executive Office of the President without giving Cabinet rank to the head and without making the unit comparable to a regular executive department. The third suggestion was to leave these staff services to be dealt with separately in units more or less loosely attached to the Executive Office of the President with perhaps some reorganization

³⁴ *Conference on the Organization of the Executive Branch of the Government: Report of Proceedings*. Pp. 3-5. Sponsored by the Institute of Public Administration of the University of Michigan in co-operation with the Carnegie Corporation of New York; Ann Arbor, Michigan, April 24-26, 1948.

in the several units. The proponents of all of these views agreed that the attitude of the President was a more significant factor than the exact structural arrangement decided upon.

In favor of a new Department of Administration, the successful experience of the State of Minnesota with a Department of Administration was pointed out. A good deal of stress was put on the prestige which the granting of Cabinet rank would provide for the head of such a department. On the other hand, numerous arguments were discussed against the establishment of a Department of Administration. There was some fear that other department heads would resent and fail to accept as an equal the head of a department without an operating program of its own. Experience in the armed forces was cited as indicating that the official responsible for such control activities as budget and personnel should not be on the same level as the heads of operating agencies if he is to function effectively. In contrast to this was the view that Cabinet recognition would attract to the headship of the department a type of person who would be politically oriented rather than well qualified in administrative problems and that such a department headed by such an individual might become an independent center of power challenging the position of the President, provoking schisms in the administration and tending to become more responsive to Congress than to the President. In addition, this department might be able to undercut the Cabinet as a policy body of importance by subordinating the other department heads to the head of this department who would be in the position of a sort of general manager of the government. It might emphasize the control tendencies of central staff units and minimize the service tendencies. It would lead to excessive standardization. It would enhance congressional control at the expense of presidential powers unless there was a great deal of statutory reform in the laws now on the books dealing with such matters as fiscal and personnel administration. Opponents of the creation of a Department of Administration also pointed out that the Bureau of the Budget at present fills the same role to a considerable extent and yet is not as prominent a target as a central Department of Administration would be.

In view of these doubts about the desirability of a Department of Administration, the consensus of the group was against it, with a preference indicated for retention of these services in units of a purely staff capacity, with improvement of their working relationships with the President. The burden of proof rests upon those who favor adding additional burdens to the load of central service agencies. It appeared to be the consensus that service functions should not be placed in a central administrative agency for the primary purpose of reducing the span of control of the President, nor need such functions be attached directly to the Executive Office of the President to be operated effectively. Efficient working arrangements are the goal, requiring adjustments to permit central concern temporarily when required.

(c) Report of the Commission on Organization of the Executive Branch of Government³⁵

No executive, public or private, can manage a large and complex establishment without staff assistance. Despite improvements during the past decade, these staff agencies are still less effective than they should be. The President's personal staff now comprises three secretaries; an assistant to the President; six administrative assistants; a special counsel to the President; the executive clerk; and Army, Navy, and Air Force aides. At the present time, the President's immediate executive staff (aside from the heads of departments and agencies) consists of:

- a. The White House Office ✓
- b. The Bureau of the Budget ✓
- c. The Council of Economic Advisers ✓
- d. The National Security Council ✓
- e. The National Security Resources Board

The Commission recommends the following additions to the Executive Office: An Office of Personnel, headed by a director who should also be chairman of the Civil Service Commission, [and] a staff secretary in the White House Office, as described later. The Commission also recommends certain further expansion in the work of the Bureau of the Budget. The Council of Economic Advisers was established as a part of the President's Office by the Employment Act of 1946. Just as the budget is the responsibility of the President and not of the Office of the Budget, the annual economic report is the report of the President, not of the Council. Like the Office of the Budget, the Council should advise the President as a professional staff agency and should not take public leadership on issues of policy in its own right. The Commission recommends that the Council of Economic Advisers be replaced by an Office of the Economic Adviser and that it have a single head. The National Security Council and the National Security Resources Board, with their respective staffs, should be made, formally as well as in practice, a part of the President's Office.

At present there is no one place in the President's Office to which the President can look for a current summary of the principal issues with which he may have to deal in the near future; nor is a current summary of the staff work available on problems that have been assigned to his advisers, his staff agencies, or the heads of departments and agencies. To meet this deficiency, the Commission proposes the addition of a staff secretary. He would not himself be an adviser to the President on any issue of policy, nor would he review (in a supervisory capacity) the substance of any recommendation made to the President by any part of his

³⁵ "General Management of the Executive Branch." A Report to Congress by the Commission on Organization of the Executive Branch of the Government, February 1949. Selected from pp. 5, 13, 16, 17, 21-23.

staff. The Commission believes that this recommendation will facilitate teamwork among the President's staff, the agencies of the President's Office, and any Cabinet or interdepartmental committees which are studying problems for the President. If possible the staff secretary, like the executive clerk, should be a career public servant. The staff secretary should keep the President currently informed of work which has been undertaken by various parts of the President's Office, by the Cabinet committees, or by interdepartmental committees or special advisory committees. He should inform the President of any difficulties which have arisen because of the overlapping of assignments or conflicts of policy.

The Hoover Commission also recommended an Office of General Services, subject to the President's direction, which would conduct the following "housekeeping" activities of the Federal government: (1) supply, (2) records management, (3) operation and maintenance of public buildings, and (4) Federal relations with governmental institutions in the District of Columbia.²⁸ The Hoover Report thus gave recognition to the long-range American trend toward the integration and strengthening of Federal staff agencies. The implications of this trend for efficiency and economy were apparent, but there was some doubt that these measures would leave the line agencies all the freedom they needed to perform adequately vital public functions. Economical and efficient management represented only one side of the American administrative pattern, as we have seen. The other, and to many critics the more important, aspect of American administration was the democratic urge, which favored a dynamic, even though lavish, Federal management in times of social change, international tension, and economic transition. Unless the integrated Federal staff agencies could demonstrate their ultimate relationship to the broader objective, rationalization of the nation's staff organization would be stronger in theory than in practice.

10. EXECUTIVE CABINET AND KITCHEN CABINET

The desire to rationalize staff organization for the sake of administrative improvement does not blind Americans to the importance of the policy or "political" functions of the executive staff. The "kitchen cabinet" is an American organizational mechanism which is found at levels of administrative responsibility other than the White House, as indicated by the following comments of: (a) David Cushman Coyle, an engineer whose technical specialty

²⁸ Commission on Organization of the Executive Branch, "Office of General Services," February 1949.

was stresses and strains in skyscrapers, but who also showed an interest in the pressures and problems of public administration and governmental planning; and (b) Professors Arthur W. Macmahon and John Millett, political scientists from Columbia University with extensive experience as consultants to Federal governmental agencies.

(a) DAVID CUSHMAN COYLE

"Essentials of Public Management"³⁷

Executives have generally felt the necessity of more assistance than their cabinets were prepared to supply and have established a kitchen cabinet of some kind. The executive office staff is definitely a part of the kitchen cabinet, although not usually so rated; for executive policies have been influenced by the king's barber and the President's secretary since men have had kings and presidents. The recent reorganization measures also provide for what an irreverent commentator has called "six vestal virgins to fan the presidential brain," the new presidential assistants "with a passion for anonymity."

Whether provided by law or not, there is bound to be a group of planners surrounding the executive. With a considerable amount of overlapping, the planners may be classified as "political" and "technical." Political planners give advice on what the legislature can be persuaded to accept, on what the voters will say while the proposal is under discussion, and on what the voters are likely to think if such-and-such results were to appear at a later date. Technical planners advise on the policies that would achieve certain desired effects. They are essentially professional specialists, dealing with laws of cause and effect and the application of physical and social forces. They include today the ranking officials in our career services.

The common characteristic of kitchen-cabinet members is a relative inconspicuousness, even though some of them may enjoy headlines proclaiming their importance in the executive entourage. Many of their proposals are significant and some eventuate in valuable policies of state. The point to be emphasized, however, is that the executive's circle of intimates is the advisory body par excellence. For good or ill they are part of his personality. A man is legitimately judged by his friends, and the voters, when they are paying proper attention to their duties, recognize that in electing a chief executive to office, they elect all his friends to the office of kitchen-cabinet member. All formally established advisory bodies are subject to the necessity of penetrating to the executive through his circle of friends and secretaries. To disregard this obvious fact is to render any such body futile.

³⁷ David Cushman Coyle: "Essentials of Public Management." Fritz Morstein-Marx (ed.): *Public Management in the New Democracy*. Adapted from pp. 48-49. Reprinted by permission of Harper & Brothers. Copyright, 1940, Harper & Brothers.

(b) ARTHUR MACMAHON AND JOHN MILLETT

Federal Administrators²⁸

Departmental leadership has two phases, political and administrative. It must be implemented for both. Departments in the past have had neither political nor administrative coherence. Administratively there is need in each department for a focal personality who will direct the flow of command and integrate the work of a flexible group of supervisors. But the political head of the department must be equipped for the formulation of policy and its popularization. There is also need, therefore, for aides who serve at the will of the Secretary, free from routine responsibility. The first group are the core of management. The second group are advisory but they are so complementary to the first that they may be spoken of as an ingredient of management. Without a headquarters personnel disposed in these two organs and suited to their purposes, departments can have no real existence.



In their book Macmahon and Millett described the professional careers of federal administrators who could roughly be classified as "general managers" or "business managers," and as "advisory aides" or "supervisory aides." In actual practice the "administrative" type of staff aide and the "political" type are not readily distinguishable. Sometimes both functions devolve upon the immediate staff assistant to the chief executive. In other situations, more than two top aides are advisable. At the White House level, there has always been a kitchen cabinet of several political advisors and personal representatives outside the regular executive hierarchy, but more powerful.²⁹ Since the report of the President's Committee on Administrative Management in 1937, the pattern of national executive organization has matured, and in the White House a half-dozen recognized as assistants to the President were established. Their prescribed function of "fanning the Presidential brain" is not a wholly unapt metaphor. They have been assigned an increasingly effective authority to sift, cull, and select for the President's attention or decision many issues coming up from line and staff agencies in the government, from the public, from the Cabinet and the politicians. Though not immediately apparent there may develop a tendency for the various presidential assistants to fall into the two main groups indicated, some of them concentrating on management problems and some on more purely political problems.

²⁸ Arthur Macmahon and John Millett *Federal Administrators*, p. vii. Reprinted by permission of The Columbia University Press. Copyright, 1939, The Columbia University Press.

²⁹ Homer Durham. "Coordination by Special Representatives of the Chief Execu-

The problem, however, both at the chief executive level and at all departmental levels below him, is not the strict demarcation between the two staff types as much as it is to balance both "administrative" and "political" considerations. Some cabinet secretaries and other executives aware of this need for balanced management are, therefore, beginning to surround themselves, apart from their established network of staff and service agencies, with (1) an assistant who tends to concentrate on management or administrative problems, and (2) an assistant who emphasizes the program or policy problems. The former is generally regarded as the "managerial" type while the latter has been colorfully regarded as the "hatchet man" whose major duty is to prod the established organization in terms of the newer policies of the department head, and, if necessary, contrary to existing managerial procedures.

For that reason, members of the kitchen cabinet sometimes fall out among themselves. They may both be loyal to the executive and his program; but their orientation and their responsibilities differ, and thus they clash at times. Problems frequently remain unsolved until the executive is faced with these conflicts in such a manner that he can identify and attack the incongruities in his program. Potentially, one of the main incongruities is that between the political and the administrative forces, and one way to bring these forces and their differences out in the open is for the administrator to have a vigorous "political" staff and an equally vigorous "administrative" staff. In a limited sense the executive must have conflict in his kitchen if he is to keep order in his parlor.

This bi-focal solution to the top staff problem is not the only way to "untangle the confusion in thought which surrounds the upper brackets of the American Administrative Service."⁴⁰ The British combine management powers and staff functions in a single Under Secretary who is the top advisor to the minister on both administration and policy. Similarly, the Canadian Deputy Minister has the dual function of acting as general manager of his department and of translating political decisions into administrative reality. In the United States, the Hoover Commission in its 1949 report also favored an "Under Secretary (or equivalent officer) . . . who can undertake general supervision of the department." But while the Under Secretary was to be "a kind of chief of staff," there were to be at least three "assistant secretaries" in each department who were to act as "the immediate associates to the Secretary and Under Secretary," and there was also to be an "administrative assistant" or "administrative assistant secretary" to act as "the top administrative

⁴⁰ L. D. White: *Government Career Service*. Chicago: The University of Chicago Press; 1935, p. 22.

official of a department" Professor Millett was one of the authors of this proposal, indicating the continuing search for an effective and standard type of top staff management⁴¹

The way in which the necessary staff functions to discharge these responsibilities are organized and manned is one of the most important decisions the administrator has to make. In spite of the standard staff structure recommended by the Hoover Commission, the Commission also proposed that 'each department head should determine the organization and be free to amend it'⁴² If the pattern of dual staff organization, "administrative" and "political," has any advantage, it may lie in its flexibility, that is, in the possibility of shifting the emphasis from the political staff to the managerial staff and back again as circumstances dictate. There has been a historic tendency for American executives at various levels of government to emphasize the political. More recently, however, the technical development of public administration has made it seem wise to inject managerial staffs and staff agencies at a high level under the executive and chief executive. The Hoover report leans definitely in this direction. Perhaps that position is too high—so high that disappointment over the achievement of policies and programs may endanger the status of these newer mechanisms of staff control and public management. Like so much else in the field of administration, it is balance we seek, and balance in staff organization requires flexibility especially on the part of the executive, who, under American conditions, combines in his own position and personality the responsibility for both administrative management and policy formulation.

SUMMARY

In the technical jargon of the field of organization, line agencies are defined as those which have as their primary mission the performance of the subject matter function which the organization is supposed to perform, while the main mission of the staff agencies is to conduct the managerial or "housekeeping" services whereby the substantive function or the end product is achieved. Although historically the emphasis on the line type of organization may have come from the military where "the line" is all important, it was the military profession which helped originate, perfect and proliferate the staff type of organization.

While concepts like staff and line are useful organizational terms

⁴¹ 'General Management of the Executive Branch' p. 37. Departmental Management' (Appendix E), pp. 10-14.

⁴² 'General Management of the Executive Branch' p. 37.

for the assignment of detailed duties and for the location of specific responsibilities, administrators can follow them too rigidly. A staff man who does not give commands to the line is ineffectual; and a line man who does not understand and exercise a modicum of staff functions is a failure. Military personnel have learned from bitter experience in World War II that the old distinctions between staff and line, the newer differentiations between service and combat, and the emerging demarcations between administration and operation, are too readily insisted upon.

The dynamics of a changing society make it essential that administrators experiment with such tools of modern organization which can help executives manipulate their resources and meet their responsibilities. Among these are: the bi-modal concept of organization, that is, staff-and-line; the dual type of staff organization, that is, the general and the special staff or the advisory and the auxiliary staff; and the bifocal form of top staff aid, that is, the "policy" or "political" staff and the "management" or "administrative" staff. In the use of these promising mechanisms of organization the major need is balance. Particularly, administrators must recognize that staff and line are co-ordinates, operating not in a hierarchical relation of staff over line, but on a horizontal plane of authority and responsibility under the chief executive.

CHAPTER ELEVEN

THE ORGANIZATION IN PRACTICE

AN ORGANIZATION is frequently far different in practice than it appears on the organization chart or in the organization manual. Books about organization can enlighten, but they reveal more if they go behind the structure and explore political realities, social motivations, and human drives. In this chapter some of the practical forces and administrative devices which energize the organizational structure will be presented.

1 THE PLACE OF THE TOP EXECUTIVE

The chief executive who occupies the top of the organizational hierarchy is usually conceived to be the *deus ex machina*, but how much does he actually do or decide? Two views are presented: that of (a) Donald C. Stone, and (b) F. F. Berne.

(a) DONALD STONE

The Executive's Role ¹

The executive is often seen as the man sitting at the top of the organization possessed of a dangerous amount of authority, hiring and firing at will, whose every suggestion or order is responded to promptly and completely. This view reflects one of the greater misconceptions about

¹ Donald Stone, "The Executive's Role," *New Horizons in Public Administration*. Adapted from pp. 49-50. Reprinted by permission of University of Alabama Press. Copyright 1945 University of Alabama Press.

the nature of executive work. The bedrock fact is that the executive must rely on his staff for the achievement of his objectives. Most issues in his organization will be settled without ever reaching him. And on those that do reach him his choice will generally be a restricted one. By the time a report or instruction has been developed, worked over, revised, reviewed level by level, what finally remains for the executive to say in most cases is "OK." He may be inclined to make some changes, but he will soon learn that something else will demand his attention before he is through. Unless what comes to him involves an issue of great importance, he will, therefore, frequently, have to accept what he considers to be an inferior product. When the issue is a crucial one for the organization's program and involves a high level judgment on the consequences of a given course of action, the executive may be called upon to choose among two or three alternative solutions, but secondary questions are likely to have to go by the board. Consequently, unless the executive's objectives are wholeheartedly accepted by his organization, the chances that they will be achieved are problematical.

(b) F. F. BEIRNE

"An Executive Has Nothing to Do" ²

As everybody knows, an executive has practically nothing to do. That is, except to decide what is to be done; to tell somebody to do it; to listen to reasons why it should not be done, why it should be done by somebody else, or why it should be done in a different way; except to follow up to see if the thing has been done; to discover that it has not been done; to listen to excuses from the person who should have done it and did not do it, except to follow up a second time to see if the thing has been done; to discover that it has been done but done incorrectly; to point out how it should have been done; to wonder if it is not time to get rid of a person who cannot do a thing correctly; to reflect that the person in fault has a wife and seven children, except to consider how much simpler and better the thing would have been done had he done it himself in the first place, but to realize that such an idea would strike at the very foundation of the belief of all employees that an executive has nothing to do.

These are contrary but not necessarily conflicting points of view, since few administrators would deny that the top executive is often both master and victim of his organization. What good executive has not experienced the deadening frustration of being unable to get things done the way in which he himself would, but cannot, because of pressure of other responsibilities, limited time, and rapidly moving events? The most capable heads of the most powerful organizations

² Quoted in *The Covington News* (Andalusia, Alabama), December 18, 1947.

may get caught in the vortex of events beyond the effective grasp of mankind and its mechanisms Tolstoy has described how Napoleon in his "victorious defeat" at Borodino in 1812, 'with sickly uneasiness awaited the end of this action in which he considered himself the prime mover, though he could not have stopped [it]'³

Even when an undertaking is more in tune with historical events, the most capable top executives in charge of the most efficient organizations cannot make all the major decisions Yet there is often a tendency on the part of executives to try to do too much, with the result that they get too little done Despite all the initiative that is latent in American democratic society, Morris Cooke has pointed out that there is still an "excessive and growing dependence on the top executive whether it be the President of the United States, a governor of a state a county commissioner, the head of a union, or the foreman of a road gang"⁴ From the point of view of the administrator, one of the main decisions he must learn to make is what to select for decision from the endless demands on his attention and his authority, and what not to decide himself but delegate to others As Chester Barnard has wisely concluded, "the executive is primarily concerned with decisions which facilitate or hinder other decisions"⁵



2 THE DANGER OF CHARTISM

This deduction suggests that the scalar habit of thought and the traditional use of hierarchical charts have their practical limitations The danger of chartism has been described by Herbert Emmerich, Director of Public Administration Clearing House

HERBERT EMMERICH

"Administrative Normalcy Impedes Defense"⁶

Chartism is another habit that the administrator might well forget The current emergency and our efforts to meet it frequently cannot be disposed of by a neat diagram in two dimensions Organization charts of large and complex agencies are self defeating because they are taken seriously If they are organized effectively, they defy charting by any dis

³ Leo Tolstoy *War and Peace* New York The Modern Library 1931 Book X Chapter 38

⁴ Morris Cooke "The Early Days of the Rural Electrification Idea 1914-1936" *American Political Science Review* June 1948 vol 42 pp 433-34

⁵ Chester I Barnard *The Functions of the Executive* Cambridge Harvard University Press 1938 p 211

⁶ Herbert Emmerich "Administrative Normalcy Impedes Defense" *Public Administration Review* Summer 1941 vol 1 pp 320-21 Reprinted by permission

covered technique. It is one thing to define responsibility and authority, either orally or in writing, and another thing to be so preoccupied with oversimplified kindergarten drawings on a formal organization chart that we overlook the realistic setup by which a living organization functions and the complex of interplays that a group organism represents.

A chart of a large organization cannot be realistic because there are too many lines connecting its various branches to be depicted in a single scheme. There are the lines of the administrative hierarchy, usually determined by the power to hire and fire; the lines along which formal orders may be given, determined often by statutory definition; the lines along which information and advice are transmitted; the various sets of lines by which papers and documents, the outward evidence of work being accomplished, flow from person to person; the various lines of administrative and technical supervision; and the shifting lines of unofficial pressures and influences, often more important in administration than any of the formal connections. These are some of the lines within a single agency, but the important agencies today do their most important work through other lines, often to totally different levels of government or outside the government altogether. The organization chart is an invitation to forget all but a single set of lines of interdependence, and rarely will two persons agree on just which set the chart is meant to depict. Draw charts if you must, but then file them away in a locked box until the war is over. They are usually out-of-date before the drawing ink is dry anyway.

Resourceful administrators who agree with Emmerich's realistic criticism of chartism nevertheless continue to post charts and use them. The formal chart of authority does have some pedagogical value for a new staff or for the administrator when he is in a didactic mood with his existing staff. Moreover, in a questionable situation in which the authoritative lines of communication within his organization are at stake, the administrator can always appeal to the accepted formal hierarchy as it appears on the chart.

3. THE SOURCE OF ADMINISTRATIVE AUTHORITY

To Mary P. Follett, the whole conception of final authority at the apex of the hierarchy is an illusion. Mary Follett's career ranged from her position as a social settlement worker in Boston to that of a consultant to industrial organizations in Britain.⁷ Before she transferred the scene of her professional activities to England, she left her mark on American democratic thought in *The New State*, a work published in 1920 and well known to Americans of that period who adhered loyally to Woodrow Wilson's "New Freedom." It was not

⁷ Urwick and Brech: *The Making of Scientific Management*, vol. 1, Chapter 5.

surprising that a democratic political philosopher like Mary Follett should convert her ideals of inter personal relations into the organizational theories contained in the following essay

MARY P. FOLLETT

"The Illusion of Final Authority"*

When writers on business management speak of "ultimate authority," and 'supreme control' as two of the functions of administration, I think that expressions are being used which are a survival of former days. These expressions do not seem to me to describe business as conducted today in many plants. Business practice has gone ahead of business theory. So much goes to contribute to executive decisions before the part which the executive head takes in them, which is indeed sometimes merely the official promulgation of a decision, that the conception of final authority is losing its force in the present organization of business. This is as true of other executives as of the head. Here, too, final decisions have the form and the force which they have accumulated. I have seen an executive feel a little self important over a decision he had made, when that decision had really come to him ready made. An executive decision is a moment in a process. The growth of a decision, the accumulation of authority, not the final step, is what we need most to study. I know a man in a factory who is superintendent of a department which includes a number of sub-departments. He tells me that in many cases he says to the head of a sub-department, that is, to a man in a subordinate position to his, "With your permission I do so and so." This is a decided reversal of the usual method, is it not? In the old hierarchy of position the head of the sub-department would be 'under' the superintendent of the department, the "lower" would take orders from the "higher."

A moment ago I used the word "under." Perhaps it may seem advisable sometime to get rid of the words "over" and "under." Two years ago my nurse in the hospital said to me, 'Did you notice that operating nurse? Didn't she look black? I wonder what has happened this morning?' I innocently said 'Perhaps one of the surgeons has reprimanded her for something.' To which my nurse replied 'Why, he couldn't. The doctors are not over us. They have their work and we have ours.' At first I did not like this, it seemed like chaos indeed. I thought the old way much better—of the doctor's having full responsibility, of his giving all the orders and seeing to it that the nurses obeyed his orders. But I asked several doctors about it, and they told me that there is a marked tendency

* Mary Follett "The Illusion of Final Authority" *Bulletin of The Taylor Society*, 1926, vol. 11, selected from pp. 243-46. Reprinted by permission.

now in this direction, and while it obviously has drawbacks, there may be a good side to it; it may indicate on the part of the nurses a greater interest in their work and a willingness to take more responsibility.

"Delegated authority" assumes that your chief executive has the "right" to all the authority, but that it is useful to delegate some of it. I do not think that a president should have any more authority than goes with his function. Therefore, I do not see how you can delegate authority except when you are ill or taking a holiday. And then you are not exactly delegating authority. Someone is doing your job and he has the authority which goes with that particular piece of work. Authority belongs to the job and stays with the job.

If we trace all that leads to a command, what persons are connected with it, and in what way, we find that more than one man's experience has gone to the making of that moment—unless it is a matter of purely arbitrary authority. A political scientist writes, "Authority coordinates the experience of man," but I think this is a wrong view of authority. The form of organization should be such as to allow or induce the continuous coordination of the experience of men. Legitimate authority flows from coordination, not coordination from authority.

It is a matter of everyday knowledge to business men that their heads of departments pass up to them much more than mere facts. They give interpretation of facts, conclusions therefrom, judgments, too, so that they contribute very largely to final determination, supreme control, even to what has been called administrative leadership. In fact, both as to the information and the conclusions handed up from the executives, it is often not possible for the head to take them or leave them. These conclusions and judgments are already, to a certain extent, woven into the pattern, and in such a way that it would be difficult to get them wholly out. Hence, while the board of directors may be theoretically the governing body, practically, as our large businesses are now organized, before their decisions are made there has already taken place much of that process of which these decisions are but the last step. Instead then of supreme control, ultimate authority, we might perhaps think of cumulative control, cumulative authority.

That business men are facing this undoubted fact of pluralistic authority, that modern business organization is based to some extent on this conception, is very interesting to me, for I have been for many years a student of political science. In the last book I read on government, a recent one, the writer speaks of a "single, ultimate centre of control," but I do not find that practical men are much interested in ultimates. I think that with political scientists this interest is a survival from their studies in sovereignty.



Mary Follett's theory virtually turns the hierarchy of administrative authority upside down. Her views are paralleled by those of

business leaders like Henry Dennison and Alfred Sloan, and are being increasingly recognized by sociologists, economists and political scientists who are beginning to depart from their static theories of social and administrative structure⁴

4 CO ORDINATING AND CROSS CHANNELING IN AN ADMINISTRATIVE HIERARCHY

If one insists that the vertical lines of authority or responsibility do after all follow the hierarchical ladder, one should recognize that the horizontal lines of collaboration or co-ordination may be just as significant to organizational practice⁵ This view is thoroughly presented by Fayol in his discussion of the "administrative ladder"

HENRI FAYOL

"The Hierarchy"¹¹

The hierarchy is the series of officials which runs in order of rank from the supreme authority to the lowest employee The hierarchic channel is the road which all communications leaving or addressed to the supreme authority follow in passing through all the ranks of the hierarchy The need for this channel arises both from the need for safe transmission and from unity of command but it is not always the quickest channel and in very big enterprises the State in particular it is sometimes disastrously long As however there are many operations whose success depends on rapid execution we must find a means of reconciling respect for the hierarchic channel with the need for quick action This can be done in the following way

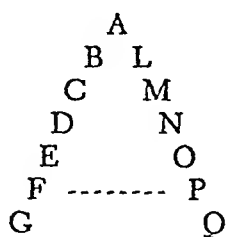
Let us suppose that it is necessary to put function F in communication with function P, in an undertaking whose hierarchy is represented by the double ladder G-A-Q In order to follow the hierarchic channel we should have to climb the ladder from F to A and then go down from

⁴ Willis Wissler *Business Administration* New York McGraw Hill Book Company Inc 1931 pp 789-90 Horace S Fries *Some Democratic Implications of Science in Scientific Management* *Advanced Management* October-December 1940 vol 5 pp 147-48 Charles S Ascher *Organization* (Mercator's Projection) *Public Administration Review* Autumn 1943 vol 3 pp 360-64 Harleigh B Trecker *Group Process in Administration* New York The Woman's Press 1946 foreword Philip Selznick *Foundation of the Theory of Organization* *American Sociological Review* February 1948 vol 13 pp 25-35

⁵ See also T N Whitehead *Leadership Within Industrial Organization* *Harvard Business Review* Winter 1936 vol 14 p 168

¹¹ Henri Fayol "The Hierarchy" *Industrial and General Administration* Pp 28-29 Translated from the French by J A Courbrough for the International Management Institute Reprinted by permission

A to P, stopping at each rung, and then repeat this journey in the opposite direction in order to get back to our starting point



It is clearly much simpler and quicker to go straight from F to P by using the "bridge" F-P, and this is what is most frequently done. The hierarchic principle will be safeguarded if E and O have authorized their respective subordinates, F and P, to enter into direct relations, and the situation will, finally, be perfectly in order if F and P immediately tell their respective chiefs what they have agreed to do. So long as F and P remain in agreement and their actions are approved by their immediate supervisors, direct relations can be continued, but as soon as either of these conditions ceases to exist, direct relations must stop and the hierarchic channel be resumed.

The use of the "bridge" is simple, swift, and sure; it allows the two employees F and P, in one meeting of a few hours, to deal with a question which by the hierarchic channel would go through twenty transmissions, inconvenience many people, entail an enormous amount of writing, and waste weeks or months in arriving at a solution. It seems impossible that such practices, which are as absurd as they are disastrous, should be in common use, but, unfortunately, there is no doubt that they are used in matters connected with State services. It is generally agreed that the chief cause of this is the fear of responsibility, but I personally believe that it is due rather to lack of administrative ability among the men who are in charge. If the supreme authority A made his assistants B and L use the "bridge" and saw that they made their subordinates C and M use it too, the habit of taking responsibility would be established and the courage to accept it developed at the same time as the use of the shortest route.

It is a mistake to leave the hierarchic channel without good reason, but it is a much greater one to follow it when doing so will harm the undertaking; in certain circumstances, this can be a very serious mistake indeed. When an employee has to choose between the two methods of procedure and cannot get the advice of his immediate superior, he must have sufficient courage and feel himself free to adopt the one which the common good demands. In order that he may be in a suitable state of mind to do this, he must have been prepared beforehand for such a situation by the example of his superiors, for example must always come from above.

As a result of the increasing complexity of contemporary organization, Fayol's hierarchical bridge is coming to be recognized as an essential to dynamic daily administration. The effectiveness of this system of organizational communication may depend upon subordinate conformance with superior policy when clearly established, and when the subject under consideration is breaking new ground, the success of the system may depend upon subordinates keeping superiors informed of all relevant negotiations being carried on across hierarchical channels. Still, it is frequently more important for related administrators or "opposite numbers" from different departments to clear with one another than for the top executives of different departments to do so. Without such co-ordination at the operational level, strange anomalies of administration may occur and unusual though such instances may be, embarrassing consequences ensue. Thus, it was once reported that because of the lack of clearance between two Federal bureaus in the same department, the government was bidding against itself for options on the same land. In another instance, state highway engineers had planned a road, with its right of way passing across the site reserved for a state forest ranger's tower. In each case a system which would obviate future conflicts of this sort was established, but the arrangement involved additional machinery, not only the cultivation of the co-ordinating habit across the hierarchical ladder.

In the same hierarchy, upper levels of authority may occasionally be skipped, but such authorities should be informed of these essential breaches of administrative etiquette. Thus in the 1920's, Sir William Joynson Hicks, a popular cabinet minister who was Secretary of the British Home Office, and who had a great zest for detail, frequently without clearing with his Permanent Undersecretary, Sir John Anderson, called in Arthur L. Dixon, Assistant Secretary of the Home Office in charge of British police affairs, for an interview on specific matters. Dixon, however, would inform his immediate superior, Anderson of Joynson Hicks' wishes. A wise superior, Anderson would encourage Dixon to deal directly with Joynson Hicks, but he always expected to be kept informed of what happened. And Dixon, a wise subordinate, never disappointed him.¹² It is, therefore, practical to skip up and down the administrative ladder, as well as across, but the way in which the skipping is done is important.

A sound executive in a superior position welcomes such initiative on the part of his subordinates, even to the point of encouraging them to depart from existing procedure, but preserving always the "right of access" rather than invariably enforcing the hierarchical

¹² I am indebted to Professor Leonard D. White for this illustration.

relationship. As Paul Appleby has pointed out: "It is circumvention that makes the transaction of business possible; it is the chart that makes the transaction of business responsible."¹⁸

5. DUAL SUPERVISION

Assuming that subordinate employees or agencies can bridge separate departments, can separate departments supervise the same subordinate agency? John Millett here demonstrates from his experience as an administrative officer in the Army Service Forces that dual supervision is not only possible and proper, but that under the requirements of modern administration it is essential and inevitable.

JOHN D. MILLETT

"Field Organization and Staff Supervision"¹⁴

Only gradually are administrators and students coming to realize that technical relationships within an agency are just as important in their sphere as the so-called "normal" lines of command. It was this fact which led Macmahon and me to propose a theory of dual supervision. We felt that it was time to recognize and accept this reality.

I should like to illustrate these generalizations by an example from the Army Service Forces. One of the staff officers of the Commanding General, ASF, is the Surgeon General. He is the principal medical officer in the ASF, and in the Army as a whole. Yet the general hospitals of the War Department are administratively under the commanding generals of service commands and station hospitals are under post commanders. Certainly hospitals, and medical care, represent a very highly specialized field of activity. Why should not all hospitals be run then solely by the Surgeon General?

A general hospital is a military post. As such it has problems common to all military posts. For example, it must have a post engineer, a post exchange, a message center, food facilities, all kinds of supplies, and a disbursing office. Not so long ago I sat down with the commanding officer of a large general hospital, and the problems he was worried about included guards for the prisoners of war doing maintenance work around the hospital, the discharge procedure for soldiers who had received maximum medical care, and recruitment of civilian personnel. These are problems of other military posts besides hospitals, and service commands exist to help post commanders in meeting them.

¹⁸ Appleby: *Policy-Making and Administration*, Chapter 4.

¹⁴ John D. Millett: "Field Organization and Staff Supervision." *New Horizons In Public Administration*. Selected from pp. 108-11, 115-16. Reprinted by permission of University of Alabama Press. Copyright, 1945, University of Alabama Press.

For similar reasons the station hospital at a military post is under the post commander. The latter officer does not pretend to tell the hospital under what conditions to use penicillin, or when to administer blood plasma, or when to operate. Those are decisions only the medical personnel can make. The post commander does have authority over storage arrangements for supplies used by the hospital, the hours for civilian employees, the conditions under which prisoners of war may be used on the hospital ground, trash and garbage collection, arrangements for the pay of the enlisted men employed in the hospital as orderlies, and similar aspects of post administration.

The post commander does not try to determine whether the hospital medical personnel is competent in the field of surgery or internal medicine. Nor does he determine the part that physical therapy is to play in medical treatment. The role of occupational therapy is another problem that the post commander does not decide. The medical competence of a post hospital and of a general hospital is determined in the first instance by the chief surgeon of the service command. He is a staff officer of the commanding general. It is his job, however, to inspect medical care as such. If he finds something wrong, he can correct it in the name of the commanding general of the service command. Finally, the Surgeon General decides whether service commands and posts are doing competent medical jobs. He supervises training, he inspects, he calls for reports, he prescribes methods of treatment, he experiments with new types of therapy or drugs at particular hospitals. In the medical field, the Surgeon General is boss. In the administrative field, he is part of a larger organization.

In other words, the Surgeon General is a typical staff officer to the Commanding General, ASF. In his specialty he develops programs and plans—he is the final authority on matters medical. His judgment about DDT, or malaria control, must be and is accepted. But on questions of supply, construction, use of prisoners of war, pay, discharge, transportation of wounded, and similar subjects the Surgeon General works with others, and disagreements must be referred to the Commanding General for decision. The Surgeon General, as I have remarked, is a staff officer, but that does not mean that he makes no decisions or exercises no supervisory authority. The Surgeon General deals directly with the chief surgeon of service commands and in turn with post surgeons. When a new chief surgeon is desired by a service commander, he turns to the Surgeon General for advice and actual selection. This is what I mean when I speak of "dual supervision."

There have been instances during the war when commanders of troops have been relieved of their command because they refused to accept the advice of their own specialists on certain technical matters. The specialists in turn were acting on the advice of superior technical specialists. It is not enough to say the instructions should have followed command channels. General policies and directions should, certainly, but

many details may be handled more informally. They are still commands.

I grant it is not easy to draw the line between general supervision and technical supervision. I have tried to indicate broadly the distinction. What we need now is to understand that there is such a thing as dual supervision, and to try to harmonize the two.

Dual supervision or joint command is possible despite the organizational tradition that no man can serve two masters. Command in military as in other forms of administration consists in practice not only of (1) simple command, to which the essential power to hire and fire is attached, but also (2) "technical command," which involves giving specialized directions outside the sphere of the recognized commander's competence though within his command jurisdiction. The fact that this non-hierarchical conception of organization can be enforced in the military sphere, where hierarchy and authority are so rigidly enforced, is a tribute to its validity.

Dual supervision is widely practiced in civil administration as well. Holden, Fish, and Smith discovered in their study of business organizations that many agencies "are directly responsible to the line executive whom they serve and functionally responsible to the central staff office," and, they concluded, "this arrangement can be made very practicable and effective despite the dual responsibility feature."¹⁵

6. MIDDLE MANAGEMENT

The essential controls may not be handed down from above nor need they originate from below; they may emanate from various points of the organization, particularly from "middle management." This aspect of the organization in practice was explored in a study by Mary Cushing Niles, an observant office manager, who gained her experience in the insurance business.

MARY CUSHING NILES

Middle Management¹⁶

Coordination is the central problem of management and the junior administrators are key people in achieving it, since through them top management carries out its coordinative responsibilities and since they affect and in turn are affected by the three-way movement of coordinative forces, upward, downward, and sideways throughout the organization.

¹⁵ Holden, Fish, and Smith: *Top-Management Organization and Control*, p. 40.

¹⁶ Mary Cushing Niles: *Middle Management*. Adapted from pp. ix, 217, 247. Reprinted by permission of Harper & Brothers. Copyright, 1941, Harper & Brothers.

Leadership belongs not alone to top management but to the middle rank as well

The senior officers are often sufficiently removed from day-to-day activities that they may take well-coordinated functioning for granted. Middle management is vitally concerned in the coordinative problems, since its members occupy just that middle position between their superiors and subordinates. They often share in the difficulties of their superiors in arriving at decisions and they necessarily take part in the efforts of their subordinates to carry out policies. They transmit orders, decisions, and guidance downward, they also take problems, difficulties, and suggestions upward. The lines of communication meet in them. Just as the senior officers see, hear and analyze problems outside the scope of internal administration, so do the junior administrators see, hear, and in the main deal with the problems vital to internal operation. Middle management has not recognized its position or its responsibility sufficiently. But the great importance of the middle position is increasingly apparent and will certainly be more recognized in the future.

The junior administrator occupies the coordinative position between the higher officers and those immediately charged with the running of the work, namely the supervisors and the rank and file. He intelligently carries out the policies of the higher management, and when possible gives suggestions for improving and implementing them. He furnishes his superiors with information as to the working of their plans and the progress of both work and personnel and he assists them as far as he can to bring about a successful, efficient and happy organization.

To his subordinate supervisors he is a leader as well as a boss. As the link between the top management and themselves, he is responsible for transmitting an accurate interpretation of policy and for inspiring them with a will to carry it loyally into effect. Contrariwise, he is their spokesman in carrying upward suggestions, information, needs and desires. He is one of the focal points in the meeting of minds which goes to make up a happy working group.

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Professor Leonard D. White has adapted this idea of middle management to the intermediate and some of the higher positions of public administration, such as the bureau chief, the section chief, and other supervisory officers.<sup>17</sup> Charles P. McCormick, President of the McCormick Extract and Spice Company, has extended the idea to include a system of "multiple management" in which the middle managers serve as a junior board of trustees of his company.<sup>18</sup> In

<sup>17</sup> White *Introduction to the Study of Public Administration* third edition (1948) Chapter 7.

<sup>18</sup> Charles P. McCormick *Multiple Management* New York Harper & Brothers 1938. John Lear *House of a Hundred Bosses* *Saturday Evening Post*, September 28 1946. *Multiple Management a Tool to Stimulate Productivity* *Factory Management and Maintenance* October 1946.

American administration, the utilization of middle management and junior executives for responsibilities at higher levels of organization is more widely practiced than preached.

## 7. TOP MANAGEMENT

The top levels of large corporations and business firms, where effective and standard organizational usage is said to prevail, also reveal blurred lines of demarcation between one level of authority and another. Top management in business usually falls into three zones: the "trusteeship function" of the board of directors; the "general management function" at the chief executive level; and the "departmental or divisional management function" at the operational level.<sup>19</sup> Even when more conveniently classified into directors and executives, top management overlaps in practice, as is shown by the management studies of Professor John Calhoun Baker of the Graduate School of Business Administration at Harvard University.

### JOHN CALHOUN BAKER

#### *Directors and Their Functions*<sup>20</sup>

Except for the corporate "housekeeping chores" that must be legally validated by formal board action, there seems to be little uniformity in the division of duties between directors and executives. The president of an outstanding company, who has had broad experience as a director of many different boards, concluded that directors have three functions: (1) to find and support or discharge the president, (2) to have independent ideas, and (3) to stop action on questionable projects. The chief executive of a large company concluded his discussion of directors by giving a list of problems they ought to be considering; this included public relations, selection of management, organization changes, capital expenditures, and labor relations. He, too, emphasized the importance of directors' being qualified to ask questions and check management through having a sound philosophy and concept of the management function. He defined his qualifications for directors as consisting of an understanding of what good organization ought to be, recognition of the right men for the right executive positions, skill in analyzing plans, and mastery of the technique of managing by exceptions to established policies.

Most functions at the top management level call for both administrative skill and the trusteeship point of view, with variations in

<sup>19</sup> Holden, Fish, and Smith: *Top-Management Organization and Control*, p. 15.

<sup>20</sup> John Calhoun Baker: *Directors and Their Functions*. Selected from pp. 14-17. Reprinted by permission of Harvard University Press. Copyright, 1945, Harvard University Press.

emphasis. The drive for profits in top management in most companies puts sufficient emphasis on the administrative point of view, but frequently the trusteeship obligations are not fully appreciated and are sometimes almost completely overlooked. Directors should be concerned with the administrative aspects of problems and should check to see that executives secure results. Yet the board should not be preoccupied with day to day administrative operations. Directors need to give their attention to a large number of management duties calling for a keen sense of trusteeship which are becoming increasingly prominent: for example, deciding labor policy, voting dividends, acting on stockholders' complaints, making plans for succession, checking the results of officers, and making decisions which might involve conflicts of interest.

Study of the procedures followed by active and successful boards of directors led to the conclusion that there are at least four major variations in the way effective boards function on different questions. One procedure has been for the board of directors to take jurisdiction of an issue, to deliberate, and to decide. Usually the board restricts this procedure to those areas in which it cannot delegate responsibility. Examples are the selection of a president, determining his compensation, or making a radical change in the objective of a business. In dealing with this type of problem the board may initiate investigation, in any event, as a group it goes through the process of deliberating, determining a course of action, settling or adjudicating conflicts, and coming to a decision. A second type of board procedure relates to its action on decisions made by executives subject to approval by the board. Illustrative of such matters are the settlement of law suits, selection of banks, and determination of programs. Here the board questions and checks on executive proposals. Effective directors, because they understand business administration, ask discerning questions. They probe the thoroughness with which executives diagnose problems and plan proposals. The board, after questioning, confirms, authenticates, and validates the executive decision, in rare cases it refuses confirmation. A third procedure by which board members act is in initial stages of policy formation. When a new line of products is under consideration or changes in executive organization are contemplated, for example, executives frequently discuss these questions with board members who counsel, advise, encourage and guide executives or gives words of caution. A fourth way that boards function is to keep abreast of executive acts by review of reports and inspection of facilities. By receiving reports, the board tacitly approves, or at least accepts, the acts of executives.

Professor Baker's conclusion that directors should decide, confirm, counsel, and review, offers a useful basis for a reconsideration of the frequent practices (by boards in business or legislative bodies in government) of delving too deeply into operational activities. So adjustable must the administrative structure be in practice that even



Professor Baker's flexible formula is subject to constant exceptions. As many responsible administrators have learned, a presumably minor decision delegated downward in the hierarchy sometimes becomes a crucial matter for the attention of a superior authority.<sup>21</sup> American administration follows the formula of constant delegation to subordinates by higher authorities, but as Dean Appleby has explained, when details turn out to be decisive, such authorities reason, "whenever we are much disturbed about something we are delegating, we shall suspend the delegation."<sup>22</sup> An administrative culture like the Soviet, which makes a more decided effort to concentrate all crucial decisions, whether major matters or minor details, in an agency of topmost management like the Politburo, finds it discouraging to organizational initiative to practice such top-level interference in managerial operations. Yet, as Professor Julian Towster has demonstrated, the Politburo continues to "busy itself with the details of a decision,"<sup>23</sup> and not without success in the struggle to maintain determined and dictatorial lines of policy in a complex world.

## 8. OPERATIONAL SUPERVISION

At the operational levels of the hierarchy, the section chief, the buck sergeant, and the supervisory foreman occupy one of the most difficult positions in the organization. The foreman is hired for his ability to carry on effective supervision and to smooth relations with the men, but actual research shows that here the practical aspects of organization vary drastically from the expected pattern. In a decade of extensive studies at the Hawthorne plant of the Western Electric Company, some of the most revealing data were furnished concerning the dynamics of modern industrial organization.<sup>24</sup> These studies were carried on largely by F. J. Roethlisberger of the Harvard Graduate School and William J. Dickson of the Western Electric Company, whose summary volume on the subject is quoted below.

### F. J. ROETHLISBERGER AND WILLIAM J. DICKSON

#### Management and the Worker<sup>25</sup>

Examination of the attitudes and behavior of the employees toward the different supervisors did not reveal a simple, sharp dichotomy

<sup>21</sup> See Chapter 19.

<sup>22</sup> Appleby: *Policy and Administration*, p. 20.

<sup>23</sup> Towster: *Political Power in the U.S.S.R.*, p. 288.

<sup>24</sup> T. N. Whitehead: *The Industrial Worker*, 2 vols. Cambridge: Harvard University Press; 1938.

<sup>25</sup> F. J. Roethlisberger and William J. Dickson: *Management and the Worker*. Selected from pp. 456-58. Reprinted by permission of Harvard University Press. Copyright, 1939, Harvard University Press.

between supervisor and employee. Most of the employees looked upon the group chief very much as one of themselves. They did not regard him as possessing much authority and they thought nothing of disobeying him. Although they recognized the section chief as possessing more authority, they did not always obey him either and they frequently argued with him. But toward the assistant foreman their attitude was quite different. They never disobeyed him or argued about his orders. Their behavior when he was in the room was much more restrained than when only the section chief was present. Toward the foreman they were still more apprehensive. They not only obeyed him with alacrity but also when he was present refrained from doing anything that was not strictly according to rules. The difference between their attitude toward the group chief and toward the foreman was well illustrated by the fact that a mild caution from the foreman was regarded as a "bawling out," but the group chief would have had to lecture them very severely before they would have felt that they were being "bawled out."

It has been pointed out that the chief function of the supervisory organization was to maintain order and control, and, furthermore, that to maintain control it had to perform two functions: first, orders had to be transmitted downward essentially as they were given, and, secondly, accurate information about what happened on the working line had to be transmitted upward. Examination of the facts showed that both of these functions fell short of their technical fulfillment. Orders, in the narrow sense, were carried out. But if orders include the way in which a person is supposed to execute them and the way he is supposed to conduct himself, the actuality fell far short of the ideal. Those rules and regulations which related specifically to conduct were, on the whole, disregarded by the employees.

The foreman had little opportunity to find out what the situation was for himself. When he entered the room, the behavior of the men underwent a sudden change; they acted as they were supposed to while he was present. The group chief and section chief sided with the men and did not dare to give the foreman an objective account of the facts. It is even doubtful if they could have done so, their own hopes and fears were too much involved. The outcome was that the departmental performance records became distorted and the foreman remained ignorant of much that was going on. There was something in the relation between subordinate and superior which inhibited the free upward passage of facts necessary for intelligent control.

Here is a key level of the productive organization of the economy, where organizational authority apparently is not exercised as logically as is expected.<sup>28</sup> For the solution of some of these problems, more attention to the foreman level of the organization seems essential.

<sup>28</sup> F. J. Roethlisberger, *Management and Morale*. Cambridge: Harvard University Press, 1942. See also below, Chapter 14.

One of the main difficulties arises from the fact that the foreman's status is a difficult and a changing one, especially during a period of transition in "the politics of economics," such as the period of rapid industrial unionization during the 1930's. In his own union circles the foreman is constantly plagued with the question, "Am I a manager, or am I a worker?"<sup>27</sup>

## 9. SUPERVISING THE BOSS

The orthodox conception of organization is taxed most severely, when, in many instances, the boss himself has to be supervised by his subordinates. The anonymous essay which follows demonstrates this unique process.

### "Managing the Boss"<sup>28</sup>

Bosses have not only the same failings as their subordinates, but a whole series of failings peculiar to bosses. All these put them more in need of being managed than any other members of a large industrial organization. Boss Management begins in our early youth with the management of our parents. This, however, is Boss Management which can hardly be described as "scientific." The true art consists in leading the boss to your opinion by causing him to think it is his own.

There is the over-enthusiastic boss, for example—most valuable to any organization when well managed by his subordinates, most disastrous when unmanaged or unmanageable. When a promising plan is suggested his vigorous imagination, leaping over obstacles, grasps at once the possibilities. The over-enthusiastic but unmanaged boss may involve the company in much loss by rushing into unproved ideas on too large a scale, but the greatest danger of loss, strange to say, is from failure to utilize sound ideas; for over-enthusiasm is followed in such a temperament by excessive discouragement. In this difficult phase of Boss Management it would seem desirable that the first trials of any new idea should be carried out *sub rosa*. Preliminary trials should take place in the presence of those qualified to give practical suggestions only. All bosses should be rigidly excluded.

A somewhat related boss is the impetuous type, who disregards

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<sup>27</sup> Herbert R. Northrup: "The Foreman's Association of America." *Harvard Business Review*, 1944-45, vol. 23, p. 187. Fritz J. Roethlisberger: "The Foreman: Master and Victim of Double Talk." *Harvard Business Review*, vol. 23, p. 283. Sumner H. Slichter, Robert D. Calkins, and William H. Spohn: "The Changing Position of Foremen in American Industry." *Advanced Management*, December 1945, vol. 10, pp. 155-61.

<sup>28</sup> Anonymous: "Managing the Boss." *Harper's Magazine*, December 1926, vol. 154, selected from pp. 121-24, 126. Reprinted by permission.

all system and is impatient of detail. Such a boss is invaluable for handling a few larger affairs—hopeless for attending to the many routine matters. The impetuous boss needs above all else a faithful, sympathetic, hard working, but firm assistant. This assistant will 'mop up' after his boss, taking the trouble to find out what has been done, then taking the necessary action to keep the records straight. Smaller matters he will carefully prevent from ever coming to his boss at all. His assistant needs to be very firm with him and to insist that the boss shall confine himself strictly to his own proper field. Unless the assistant has the courage to manage his boss with an iron hand, constant trouble will arise.

Another type of boss—the bully—needs but little discussion. The only way to manage such a boss is to tell him plainly that he must speak like a gentleman or not speak at all. Such a man generally learns quickly whom he can revile with impunity and whom he must handle more carefully.

The most irritating type is the timid boss—he who is always afraid to take an important step. He encourages investigations and new ideas and takes an intelligent interest in their progress, but as the moment for final action arrives he hesitates. 'Let us get further information before deciding' or 'Let us wait and see what Mr. Jones thinks about it,' etc., etc., anything but, 'Let us make our final decision on this at once.' So a project hangs fire indefinitely, never put out of the way by final rejection, yet never put into operation. The only way to manage a boss of this kind is for the subordinate to supply the courage which his boss lacks. He must force the decision and take the responsibility on himself. The result of this is, if the new idea turns out well, the boss takes all the credit, if it fails, the subordinate gets the blame. However, one who is unwilling to face this situation is unworthy of a position of responsibility as boss-manager.

First cousin to the timid boss is the lazy one. Such a boss may be a man of considerable ability with an attractive personality and excellent judgment—capable of accomplishing much for the business if he is properly managed. While the manager of such a boss can remedy the situation somewhat by extra labor to make up for the small amount of work turned out by his boss, this does not entirely solve the difficulty. There are some things which only the boss himself can do—some people that he must see personally, some letters that only he can write. Here again, an assistant well versed in the science of Boss Management can increase the output of his department by fifty or a hundred per cent by skillful management. He must goad his boss into action. At times, he will have to make himself very disagreeable and state things very plainly in order to overcome the torpor of his chief. He can have the satisfaction of knowing that his chief will be secretly—almost pathetically—grateful.

One of the greatest privileges in life is to work under a boss whom one can admire and respect—a man who is a real leader, who gives his own best effort to his work and exacts the best from those under him.

Such a man may be a hard taskmaster, he may be impatient of incompetency, but his subordinates never want to leave him for a boss who will accept sloppy work. It is the greatest stimulus, the greatest inspiration to work under such a boss.

Too often, however, we must build with the tools at hand. We must work with the bosses whom fate sends us. In such cases, we can perform a great service by an intelligent practice of the Science of Boss Management.



A small but growing body of knowledge is being formed about such supervisory methods.<sup>29</sup> If we are to round out our understanding of practical organization, these experiences need to be studied even though they turn prevailing conceptions of organizational hierarchy upside down.

## 10. INTRA-ORGANIZATIONAL PROBLEMS IN STRATEGIC AFFAIRS

The actual lines of organizational authority become especially blurred as a result of intra-organizational differences when such differences go beyond personal and procedural relations within the hierarchy, and when they begin to infringe upon matters of policy and principle. As applied to such important questions as military affairs and national strategy, the following two selections concerning Russian history are revealing: (a) Tolstoy's description of Alexander II's staff during the Napoleonic wars; and (b) a Canadian Royal Commission report on the case of the Soviet Embassy clerk, Igor Gouzenko, who, after World War II, handed over secret documents to the Canadian authorities divulging the operations of Russian intelligence agencies in their efforts to secure information about the atom bomb.

### (a) LEO TOLSTOY

#### **War and Peace**<sup>30</sup>

There was in attendance on the Tsar personally not a commander-in-chief's staff, but the staff of the imperial headquarters. The chief officer of the imperial staff was General-Quartermaster Volkonsky, and it contained generals, aides-de-camp, diplomatic officials, and an im-

<sup>29</sup> See also R. H. Walton: "How to Get Ideas Accepted by Men Higher Up." *Printer's Ink*, December 21, 1945.

<sup>30</sup> Leo Tolstoy: *War and Peace*. Selected from pp. 595-99. Reprinted by permission of The Modern Library. Copyright, 1931, The Modern Library.

mense number of foreigners, but it was not a military staff. In this vast, brilliant, haughty, and uneasy world, among all these conflicting voices, [there could be] detected the following sharply opposed parties and differences of opinion.

The first party consisted of Pfuhl and his followers, military theorists, who believe in a science of war, having its invariable laws—laws of oblique movements, out flanking, etc. Pfuhl and his adherents demanded that the army should retreat into the heart of the country in accordance with the exact principles laid down by their theory of war, and in every departure from this theory they saw nothing but barbarism, ignorance, or evil intention. To this party belonged Woltzogen, Wintzengerode, and others—principally Germans. The second party was in direct opposition to the first. As is always the case where there is one extreme opinion, representatives had come forward of the opposite extreme. This party had urged an advance from Vilna into Poland regardless of all previous plans. This party, while advocating bold action, consisted of the representatives of nationalism, which made them even more one-sided in their views. They were Russians. Bagration, Yermolov, whose well known joke was much quoted at the time—a supposed petition to the Tsar for promotion to be a “German.” The members of this party, recalling Suvorov, maintained that what was wanted was not reasoning and sticking pins into maps, but fighting, beating the enemy, preventing the enemy from getting into Russia, and keeping up the spirits of the army. To the third party, in which the Tsar was disposed to place most confidence, belonged the courtiers, who tried to effect a compromise between the two contending sides. The members of this party—to which Araktcheev belonged—were mostly not military men, and they spoke and reasoned as men usually do who have no convictions, but wish to pass for having them. They admitted that a war with such a genius as Bonaparte did undoubtedly call for the profoundest tactical considerations and thorough scientific knowledge, and that on that side Pfuhl was a genius. But, at the same time, they acknowledged that it could not be denied that theorists were often one-sided, and so one should not put implicit confidence in them, but should listen too to what Pfuhl’s opponents urged, and also to the views of practical men who had experience, and should take a middle course.

The largest group, numbering ninety-nine to every one of the others, consisted of people who were eager neither for peace nor war, neither for offensive operations nor defensive camps, who did not take the side of Barclay nor of the Tsar, nor of Pfuhl, nor of Bennigsen, but cared only for the one thing most essential—their own greatest gain and enjoyment. In the troubled waters of those cross currents of intrigue, eddying about the Tsar’s headquarters, success could be attained in very many ways. All the members of this party were on the hunt after roubles, crosses, and promotions, and in that chase they simply followed the scent given them by the fluctuations of imperial favour. As soon as they saw the imperial weather-cock shifting to one quarter the whole swarm of these drones be-

gan buzzing away in that direction, making it more difficult for the Tsar to shift his course back again.

**(b) Report Concerning the Soviet Embassy at Ottawa, Canada**<sup>31</sup>

It seems that several parallel under-cover systems, or networks, existed in Canada under the direction of members of the Soviet Embassy but independent and distinct from Zabotin's [Red Army Intelligence] organization. Gouzenko testified that there was a five-man committee in Moscow which passes on Soviet officials who are being sent to foreign countries. This committee consists of representatives of the N. K. V. D., the Military Intelligence, the Naval Service, the Commercial Service and the Diplomatic Service. However, Gouzenko said:—"Each of them send their own men and they try to put on more of their own men. Intelligence tries to put more of their own men; Commercial Service tries to put more than the Diplomatic, and so on with the other representatives."

In rooms of this secret wing the cipher clerks of the various branches of the Soviet Mission in Ottawa were located. They numbered five in all:—The N. K. V. D. [Soviet Secret Police], the Embassy proper, the Political Section, the Commercial Section, and the Military. The N. K. V. D. Section sent its messages to the N. K. V. D. Headquarters in Moscow; the Embassy, the messages of the Ambassador and his staff, to the Commissariat for Foreign Affairs; the Political Section, which was under Goussarov, communicated directly with the Central Committee of the Communist Party of the Soviet Union; the Commercial Section, headed by the Commercial Counsellor Krotov, sent its messages to the Commissariat for Foreign Trade; and the Military Section, headed by Colonel Zabotin, the Military Attache in Ottawa, communicated with the director of Military Intelligence in Moscow. All these cipher clerks operated independently and each one used a different cipher which was unknown to the others.

The evidence before us is that these members of the Embassy, who were engaged in improper and inadmissible activities, operated in special sections of the Embassy, the operations of which were quite distinct from the official and legitimate activities of the Soviet Embassy, and that the Soviet Ambassador, representing in Canada the Government of the Union of Soviet Socialist Republics, had no part in them. Thus Gouzenko has testified before us that the Soviet Ambassador had no right of access to the secret rooms in the special wing on the second floor of the Embassy. Moreover, according to Gouzenko, the Soviet Ambassador had no right of access to the secret telegrams sent to and received from Moscow by Zabotin, Pavlov and Goussarov, the heads of the military espionage, N. K. V. D., and "political system" sections respectively.

<sup>31</sup> *The Report of the Royal Commission of Canada to Investigate the Communication of Secret and Confidential Information to Agents of a Foreign Power*, June 27, 1946, adapted from pp. 12, 19, 87, 638.

Gouzenko says that in the Embassy, the fact that the Soviet Union was preparing for a third world war was freely talked about. He says there were two schools of thought there. Those who were not really tied in with the Communist Party feared another world war, while those who were ardent Members of the Party and its subsidiary organizations really wished for it, because they thought that to be part of the process leading toward a general upheaval throughout the world which would result in the establishment of Communism.

The Gouzenko case had some drastic consequences on American diplomacy, but its significance lay not in the mechanics of espionage normally engaged in during this period, but rather in the ample evidence that there were significant intra-organizational conflicts concerning strategic policy among the various Soviet authorities themselves.

## 11 INTRA ORGANIZATIONAL PROBLEMS IN INTERNATIONAL AFFAIRS

Even the reputedly more regulated relations within the American government have produced evidence of intra-organizational conflicts over international affairs.<sup>22</sup> This was especially evident at the Cabinet level where powerful Secretaries carried on internecine struggles in order to influence the direction of foreign policy. The American governmental system had to face such organizational conflicts from the time of its origin. Below are the letters and documents which trace two such conflicts: the Hamilton-Jefferson feud during President Washington's administration, which occurred mainly over American relations with Revolutionary France, and the Byrnes-Wallace feud during President Truman's administration, which was occasioned by American relations with Soviet Russia.

### (a) Letter from George Washington to Thomas Jefferson August 23, 1792<sup>23</sup>

I believe it will be difficult, if not impracticable, to manage the Reins of Government or to keep the parts of it together for if, instead of laying our shoulders to the machine after measures are decided on, one pulls this way and another that, before the utility of the thing is fairly tried, it must, inevitably, be torn asunder. And, in my opinion the fairest

<sup>22</sup> See Chapter 3.

<sup>23</sup> Fitzpatrick: Letter from George Washington to Thomas Jefferson August 23, 1792. *The Writings of George Washington* vol. 32 pp. 130-131.



prospect of happiness and prosperity that ever was presented to man, will be lost, perhaps for ever!

I do not mean to apply these observations, or this advice to any particular person, or character. I have given them in the same general terms to other Officers of the Government; because the disagreements which have arisen from difference of opinions, and the attacks which have been made upon almost all the measures of government, and most of its Executive Officers, have, for a long time past, filled me with painful sensations; and cannot fail I think, of producing unhappy consequences at home and abroad.

(b) Letter from Thomas Jefferson to George Washington,  
September 9, 1792<sup>34</sup>

That I have utterly, in my private conversations, disapproved of the system of the Secretary of the Treasury, I acknowledge and avow. Has abstinence from the department, committed to me, been equally observed by him? To say nothing of other interferences equally known, in the case of the two nations, with which we have the most intimate connections, France and England, my system was to give some satisfactory distinctions to the former, of little cost to us, in return for the solid advantages yielded us by them; and to have met the English with some restrictions which might induce them to abate their severities against our commerce. I have always supposed this coincided with your sentiments.

Yet the Secretary of the Treasury, by his cabals with members of the Legislature, and by high-toned declamations on other occasions, has forced down his own system, which was exactly the reverse. He undertook, of his own authority, the conferences with the ministries of those two nations, and was, on every consultation, provided with some report of a conversation with the one or the other of them, adapted to his views. These views, thus made to prevail, their execution fell, of course, to me; and I can safely appeal to you, who have seen all my letters and proceedings, whether I have not carried them into execution as sincerely as if they had been my own, though I ever considered them as inconsistent with the honor and interest of our country. That they have been inconsistent with our interest is but too fatally proved by the stab to our navigation given by the French. So that if the question be by whose fault is it that Colonel Hamilton and myself have not drawn together? the answer will depend on that to two other questions, whose principles of administration best justify, by their purity, conscientious adherence? and which of us has, notwithstanding, stepped farthest into the control of the department of the other?

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<sup>34</sup> Letter from Thomas Jefferson to George Washington, September 9, 1792. Andrew A. Lipscomb (ed.): *The Writings of Thomas Jefferson*. The Thomas Jefferson Memorial Association: 1904, vol. 8, selected from pp. 395-99.

(c) Letter from Alexander Hamilton to George Washington,  
September 9, 1792<sup>33</sup>

I cannot conceal from you, that I have had some instrumentality of late in the retaliations which have fallen upon certain public characters, and that I find myself placed in a situation not to be able to recede for the present

I considered myself as compelled to this conduct by reasons public as well as personal, of the most cogent nature I know that I have been an object of uniform opposition from Mr Jefferson, from the moment of his coming to the city of New York to enter upon his present office I know from the most authentic sources, that I have been the frequent subject of the most unkind whispers and insinuations from the same quarter As long as I saw no danger to the government from the machinations which were going on I resolved to be a silent sufferer of the injuries which were done me I determined to avoid giving occasion to any thing which could manifest to the world dissensions among the principal characters of the government, a thing which can never happen without weakening its hands, and in some degree throwing a stigma upon it

Nevertheless I pledge my honor to you, sir, that if you shall hereafter form a plan to reunite the members of your administration upon some steady principle of cooperation, I will faithfully concur in executing it during my continuance in office, and I will not directly or indirectly say or do a thing that shall endanger a feud

(d) Message from James F Byrnes to Harry S Truman,  
September 18, 1946<sup>34</sup>

If it is not possible for you, for any reason, to keep Mr Wallace, as a member of your Cabinet, from speaking on foreign affairs, it would be a grave mistake from every point of view for me to continue in office, even temporarily Therefore, if it is not completely clear in your mind that Mr Wallace should be asked to refrain from criticizing the foreign policy of the United States while he is a member of of your Cabinet, I must ask you to accept my resignation immediately At this critical time, whoever is Secretary of State must be known to have the undivided support of your administration and, so far as possible, of the Congress

I shall, of course, remain here [at the Paris Peace Conference] until my successor arrives In case you are not ready to make that appointment promptly, you can, of course, appoint someone other than the Secretary of State to head the United States delegation at the Peace Conference

<sup>33</sup> Frederick C Prescott (ed) *Alexander Hamilton and Thomas Jefferson* Selected from pp 132-4 Reprinted by permission of the American Book Co Copyright 1934 American Book Co

<sup>34</sup> Message from James Byrnes to Harry Truman September 18 1946 J F Byrnes *Speaking Frankly* P 240 Reprinted by permission of Harper & Brothers Copyright 1947 Harper & Brothers

(e) Statement of Harry S. Truman to the Press,  
September 21, 1946<sup>37</sup>

I have today asked Mr. Wallace to resign from the Cabinet. It had become clear that between his views on foreign policy and those of the administration—the latter being shared, I am confident, by the great body of our citizens—there was a fundamental conflict. We could not permit this conflict to jeopardize our position in relation to other countries. I deeply regret the breaking of a long and pleasant official association, but I am sure that Mr. Wallace will be happier in the exercise of his right to present his views as a private citizen.

(f) Henry Wallace's Letter to Harry S. Truman,  
September 21, 1946<sup>38</sup>

As you requested, here is my resignation. I shall continue to fight for peace. I am sure that you will join me in that great endeavor.

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Although such conflicts may take the form of personal feuds between departmental executives, they are actually a means of clearing conflicting policies within an organization. At the lesser levels of most organizations, the issues seem to be less momentous, but the process of intra-organizational adjustment is fully as intense.

SUMMARY

Organizational activity and power do not always follow formal lines of responsibility and authority. It is unrealistic either to judge an organization or to operate it according to the chart. Once the dogma of final authority is abandoned, it becomes clear how administration can be conducted across hierarchical channels without constant appeals to the top executive. Among the practical means for making the formal or hierarchical organization work more effectively is greater use of dual supervision, (which combines technical control with formal command) and middle management (which enlists the skill of those closest to the problems encountered by the organization). For its part, top management contributes to more effective organizational practice by concentrating on confirmation and review of administrative policy and procedure, and by reducing to a minimum, but not abandoning, its interest in operations. The foreman level, where operational supervision has its most direct effect, is increas-

³⁷ Statement of Harry S. Truman to the Press, September 21, 1946. *New York Times*, September 21, 1946, p. 3.

³⁸ Henry Wallace's letter to Harry Truman, September 21, 1946. *New York Times*, September 21, 1946, p. 3.

ingly recognized as a crucial point in the administrative structure. Contrary to existing organizational tradition is the fact that "boss management" is frequently practiced by capable subordinates and not unwillingly accepted by sagacious superiors. Issues of major policy cannot be wholly avoided even in such fields of administration as national strategy or international relations as a result of the intra-organizational conflicts which becloud all hierarchical relations. In practice, therefore, organizations conducting all types of functions are faced with the necessity of adjusting their formal structure to the dynamics of daily administration.

CHAPTER TWELVE

THE GEOGRAPHY OF ORGANIZATION

Another phase of organization which lends itself to concrete and graphic analysis is the spatial or geographical. What the chart reveals about scalar or the vertical hierarchy, and about *staff-and-line* organization or its horizontal structure, the map can demonstrate about the spatial phase or the geography of an organization. In business administration, it is possible thus to depict the central office and its branch organization or the corporation headquarters and its outlying subsidiaries, factories, and enterprises in the field. In American public administration, organizational geography deals with the overlapping Federal, state, and local governments; or with the regional districts of Federal departments, the administrative areas of state agencies, and the wards and precincts of municipal authorities. Theories and generalizations involving the relations between administrative area and administrative authority constitute a sparse body of literature, although the problems of administrative geography are probably as old as human organization. These problems have become more intensified, and in some respects more manageable as a result of modern communication and transportation.¹

¹ Among the basic and comprehensive theoretical discussions are: H. G. Wells: "Anticipations." *Fortnightly Review*, vol. 75, April, May, and June 1901, pp. 747-60, 925-38, 1104-21. Harold J. Laski: *The Problem of Administrative Areas*. Northampton: Department of History of Smith College; 1918, Smith College Studies in History, vol. 4, October 1918. James Fesler: *Area and Administration*. Tuscaloosa: University of Alabama Press; 1949.

1. CENTRALIZATION AND DECENTRALIZATION

The primary issue is one of centralization versus decentralization, which are two extremes of geographically organized administrative activity. These alternatives are explained below by two nineteenth century writers: (a) Walter Bagehot, a versatile English banker and economist, literary critic, social scientist, and author of the popular treatise *Physics and Politics*, written during the Darwinian scientific vogue, and (b) Alexis de Tocqueville, the French observer of American democracy.

(a) WALTER BAGEHOT

'Despot and Satrap'²

In early times when a despot wishes to govern a distant province, he sends down a satrap on a grand horse and other people on little horses, and very little is heard of the satrap again unless he sends back some of the little people to tell what he has been doing. No great labour of superintendence is possible. Common rumour and casual report are the sources of intelligence. If it seems certain that the province is in a bad state, satrap No. 1 is recalled, and satrap No. 2 sent out in his stead. In civilized countries the process is different. You erect a bureau in the province you want to govern, you make it write letters and copy letters, it sends home eight reports per diem to the head bureau in St. Petersburg. Nobody does a sum in the province without some one doing the same sum in the capital, to check him, and see that he does it correctly. The consequence of this is, to throw on the heads of departments an amount of reading and labour which can only be accomplished by the greatest natural aptitude, the most efficient training, the most firm and regular industry.

(b) ALEXIS DE TOCQUEVILLE

*Democracy in America*³

Centralization is a word in general and daily use, without any precise meaning being attached to it. Nevertheless, there exist two distinct kinds of centralization, which it is necessary to discriminate with accuracy. Certain interests are common to all parts of a nation, such as the enactment of its general laws, and the maintenance of its foreign relations.

² *The Character of Sir Robert Peel: The Works and Life of Walter Bagehot* Mrs. Russel Barrington ed. 1856 vol. 2 p. 193. Reprinted by permission of Longmans Green and Co. Inc. Copyright 1915 Longmans Green and Co. Inc.

³ De Tocqueville *Democracy in America* selected from vol. 1, pp. 86, 94, 95. Reprinted by permission of Alfred A. Knopf Inc. Copyright, 1945 Alfred A. Knopf Inc.

Other interests are peculiar to certain parts of the nation, such, for instance, as the business of the several townships. When the power that directs the former or general interests is concentrated in one place or in the same persons, it constitutes a centralized government. To concentrate in like manner in one place the direction of the latter or local interests, constitutes what may be termed a centralized administration.

It is not the administrative but the political effects of decentralization that I most admire in America. In the United States the interests of the country are everywhere kept in view; they are an object of solicitude to the people of the whole Union, and every citizen is as warmly attached to them as if they were his own. He takes pride in the glory of his nation; he boasts of its success, to which he conceives himself to have contributed; and he rejoices in the general prosperity by which he profits. The feeling he entertains towards the State is analogous to that which unites him to his family, and it is by a kind of selfishness that he interests himself in the welfare of his country.

I believe that provincial institutions are useful to all nations, but nowhere do they appear to me to be more necessary than among a democratic people. In an artistocracy order can always be maintained in the midst of liberty; and as the rulers have a great deal to lose, order is to them a matter of great interest. In like manner an aristocracy protects the people from the excesses of despotism, because it always possesses an organized power ready to resist a despot. But a democracy without provincial institutions has no security against these evils. How can a populace unaccustomed to freedom in small concerns, learn to use it temperately in great affairs? What resistance can be offered to tyranny in a country where each individual is weak and where the citizens are not united by any common interest? Those who dread the license of the mob and those who fear absolute power ought alike to desire the gradual development of provincial liberties.



Ancient administration was not always as despotic or decentralized as Bagehot believed.⁴ Nor was the American form of decentralization as completely beneficial as de Tocqueville implied. De Tocqueville himself was hesitant about some of the "different effects" of American decentralization and at one point admitted: "The Americans seem to have overstepped the limits of sound policy, in isolating the administration of the government; for order, even in secondary affairs, is a matter of national importance."⁵ Yet Bagehot's description of centralization and de Tocqueville's analysis of decentralization

⁴ See, for example, the communications between the Roman provincial governor Pliny and the Emperor Trajan, which concerned detailed decisions on such subjects as provincial justice, taxation, public works, and local religious affairs. *Letters, Plinius, Caccilius Secundus*. Translated by William Melmoth. New York: The Macmillan Company; 1915.

⁵ De Tocqueville: *Democracy in America*, vol. 1, pp. 88-89.

present the two general patterns along which organizational systems tend to develop geographically

2. THE CITIZEN'S VIEW OF GOVERNMENTAL GEOGRAPHY

The spatial pattern of American government has not, during the twentieth century, remained as decentralized nor as democratically responsive as de Tocqueville found it. From the individual citizen's point of view, the problem of administrative areas, local and national, is of growing concern. Citizen reaction to the problem is sympathetically presented in the following readings by (a) James Fesler, Professor of Political Science at the University of North Carolina, whose experience with the Federal war production agencies put him into close contact with a central program designed to encourage local initiative, and (b) Ferdie Deering, an Oklahoma journalist and radio reporter interested in both agricultural and business affairs.

(a) JAMES FESLER

Area and Administration *

The questions growing out of the vertical distribution of authority can be appreciated only from what I call, with no disrespect, the worm's eye or under all view of the ordinary citizen. We are accustomed to phrase the problem as if the national government is the unity, from which lines fan out to 48 state governments, from each of which in turn lines diverge to hundreds or thousands of counties, cities, towns, and special districts. Instead of this theistic view, with government as the god-center of the universe, the humanistic view starts with the individual citizen as the point from which to gain sound perspective. It is on him that all governmental activities converge. Unless they make sense at the point of convergence, no mechanical harmony at each of the governmental centers from which these impulses originate can be accepted as an index of sound statecraft.

From his under all position the citizen looks upward through the many layers of government that minister to his needs, regulate his freedom of action, and demand his financial support. Unless he is in a rural area, he is a citizen of a town or city, a county, a state, and the nation—four levels of general government. In addition, he can hardly avoid falling within a school district that, independently of the general governments, educates his children and obtains some of his money for taxes. Quite possibly, especially in rural areas, he will also be within the jurisdiction of two or more other types of special district.

What does this citizen ask for in this complex of governments?

* James Fesler, *Area and Administration* Pp. 9-11. Reprinted by permission of University of Alabama Press. Copyright, 1949, University of Alabama Press.

Certainly, that functions wholly allocated to one or another layer shall be so allocated as to be efficiently performed, cost the least money per unit of service, and be subject to effective democratic control by himself and his fellow-citizens; that in the case of functions shared by two or more layers of government there shall be adequate methods of collaboration between such layers; that the multiple-layer system shall not be so canonized and further complicated as to elude his comprehension, for without such comprehension democratic control languishes; that layers of government whose areas have ceased to be adequate for their original functions shall either be abolished outright or be expanded or contracted to more appropriate dimensions. These are not unreasonable demands.

(b) **FERDIE DEERING**

"When to Sow and When to Reap"⁷

The two long lines of waiting farmers shifted restlessly, edging a step nearer the long counter where two teen-age girls were busily trying to to answer their questions. Another farmer paused in the doorway, studied the queues momentarily, shook his head, and then hurried away. There was no levity in the county office of a branch of the United States Department of Agriculture that morning. Greenbugs had all but wiped out the winter wheat crop in the section, and farmers were in no mood for fun. The foggy atmosphere outside penetrated the gloomy courthouse corridors and seemed to intensify the ever-present odor of strong disinfectants. As each farmer, or farmer's wife, approached the counter, those in the line behind craned their necks slightly, perhaps not so much out of curiosity concerning their neighbors' business as to relieve the utter boredom of waiting. Finally, the shy little man in the yellow slicker and muddy rubber boots reached his turn. He was about forty-five years old, lean and slightly stooped, but appeared fully capable of doing a full day's work on anybody's farm. He was what most persons would call "just an ordinary farmer."

"I live about fifteen miles west of here," the man in the slicker said, after he had told the girl his name. "The greenbugs ate up my wheat crop, and I want to plow it up and plant a feed crop. I want to know if that's all right." The girl rustled through a couple of drawers in the file cabinet and returned with a folder bearing the man's name and containing a sheaf of official-looking papers. She thumbed through them, studying first this one and then that one. Apparently failing to find anything that would answer the farmer's question, she stepped into an adjoining room to confer briefly with a man who seemed to be in charge of a corps of girls working at huge stacks of papers and aerial photographs on the desks there. As she came back to the counter, the farmer watched her with hopeful,

⁷ Ferdie Deering: "When to Sow and When to Reap." USDA, *Manager of American Agriculture*. Pp. 3-5. Reprinted by permission of University of Oklahoma Press. Copyright, 1945, University of Oklahoma Press.

questioning eyes. It was late in the season, and the ground had to be broken soon if any kind of crop was to be grown. But he wanted to "co-operate" with the program, he had told her, and he thought he had better check up before he did anything about planting. He did not want to lose out on the crop insurance the government had on his wheat, either. "We don't seem to have that information," the girl told him. "They're still working on the new program, and we haven't received it from the state office yet. I'm sorry, but until we get it, we don't know what to tell you. We'd rather not tell you anything than to tell you wrong. Mr. Smith thinks the information will be here by the first of next week, and if you'll come back then, we probably will have the information on the new program." She turned to the next farmer, or "co-operator," as program employees refer to individual farmers. Some branches of the Department of Agriculture call the farmers they deal with "clients," and to others they are sometimes known as "demonstrators." Occasionally they are called 'farmers,' but most of the time they are spoken of as "co-operators" or "nonco operators," according to the attitude they take toward government farm programs.

The shy man in the yellow slicker shuffled out of the room, to drive back home on his thin tires, wondering. Should he wait another week before getting ready to plant his crop? Should he risk the displeasure of the program compliance officers by going ahead in planting the crop? Could he afford to lose another day next week and burn two gallons more of his rationed gasoline to come back again for the information he needed? Whatever course he chose, he obviously was puzzled by the 'gub'ment program' that kept him from making decisions about the operation of his farm and yet delayed making the decisions for him until it was dangerously late.

Thus the heavy hand of regulatory government bears down upon American farmers, traditionally the world's freest people. In this common place instance and in a thousand other ways the force of laws and regulations and rules and directives issued by authorities of a centralized government are being felt by farmers directly, and indirectly by industrial workers, white collar employees, merchants, manufacturers, processors, and consumers throughout the nation and throughout the world.

Undoubtedly, the changing geography of American administration gives evidence of greater complexity and increased remoteness from the standpoint of individual citizens. Is it possible, however, that although centralized administration is less democratically responsive, it may nevertheless be more democratically responsible in propping up the national economy and in providing services essential to maintain individual security? Controversial as some of these centralizing solutions may be, in few countries of the world do we find so much solicitude for retaining local powers and state rights, even to

the point of endangering the national program, as in the United States. This fact is revealed in the extensive administrative arrangements for local units of government, Federal grants-in-aid, and even the newer regional agencies.

3. UNITS OF GOVERNMENT IN THE UNITED STATES

The overlapping structure of local, state, and Federal government has been thoroughly studied by Professor William Anderson, chairman of the Department of Political Science at the University of Minnesota, who has been a leader in American research and teaching in the field of public administration. Professor Anderson's comprehensive views and constructive recommendations concerning the local units of American government are presented below.

WILLIAM ANDERSON

The Units of Government in the United States⁸

In the United States we generally recognize the following tiers or levels of units of government:

A. Units of central government

1. The nation
2. The states

B. Units of local government

3. The counties (and parishes [in Louisiana])
4. Cities, villages, boroughs, incorporated towns, towns, and townships
5. School districts
6. Other special districts

COMPARISON OF THE NUMBER OF UNITS OF GOVERNMENT IN THE UNITED STATES IN 1930-33 AND IN 1941

	1930-1933	1941
The nation	1	1
The states	48	48
Counties (in 46 states) and parishes (in 1 state)	3,053	3,050
Incorporated places (cities, villages, etc., and the District of Columbia)	16,366	16,262
Towns (as in New England) and organized townships (in a total of 23 states)	20,262	18,998
School districts	127,108	118,308
Other units	8,580	8,382
TOTAL	175,418	165,049

⁸ William Anderson: *The Units of Government in the United States*. Adapted from pp. 2, 12, 18-19, 44-47. Reprinted by permission of Public Administration Service. Copyright, 1945, Public Administration Service.

The units enumerated in Table 1 fall naturally into two main groups—central and local. The distinctions between these classes are not based upon differences in size of area or population. There are many counties in the West with areas larger than some eastern states, and there are a number of cities and counties with populations larger than those of some states, both East and West.

Students of local governments are well aware of certain regional differences in the pattern of local government in the United States. The New England states emphasize the town and city, and thus can get along with relatively few counties, school districts, and other special districts. The South Atlantic and South Central states center general local government in their counties, have proportionately few incorporated places and no organized townships but do indulge a penchant for special districts for school and other purposes. The Mountain and Pacific coast regions have systems much like those in the South, but have proportionately more incorporated places and special districts. In the Atlantic and East North Central regions in addition to a layer of counties there is usually a fairly complete layer of minor divisions (incorporated places and organized townships) as well as a layer of school districts, plus a number of other special districts. In the West North Central region this three-level system is repeated and brought to its highest peak so far as numbers in proportion to population are concerned. When individual states are considered Illinois still leads the nation with 15 629 local governmental units.

We have, then, several questions to answer. First, is it desirable in rural as in urban areas to have only a single important administrative unit in each defined area? This certainly seems to be the case. In the same county area there may be one board for general county business, and another for administering school affairs, but that the areas should coincide and that budgets and debt questions should somehow be settled in common for the area can hardly be disputed. It is assumed, of course, that cities and villages within the county will have their own separate governments for local urban purposes.

Second, assuming the county to be the main administrative unit in rural areas, what factors should determine its size? Topography, distance and population density cannot be wholly ignored, but so far as possible the administrative efficiency and economy of the more expensive functions should control. These functions are roads, schools, and welfare work, as a rule.

Third, when one of these services (roads) calls for a really large unit, and the other (schools) could be handled by either a somewhat smaller unit or equally well if not better by the same large unit, which size unit should be selected—the larger or the smaller? The answer is obvious. The larger is to be preferred, since it involves no financial or other loss, whereas the choice of the smaller size of unit would involve loss. It must always be remembered, also, that the larger units generally attract abler men both to their boards and to positions under them, and

that the tax burden is more widely and evenly distributed when units are large.

Fourth, will there not be some loss due to increased expense in other departments? Our studies in Minnesota suggest the opposite. When counties are ranged according to population, we find that the ordinary county expenses per capital, including overhead, decrease very noticeably as we advance from the least populous to the more populous counties.

If the conclusions tentatively reached in the preceding discussion be now applied, what would be the units of local government in the United States? About how many would there be? The approach, be it remembered, is mainly from the viewpoints of administrative efficiency and fiscal economy. Thus qualified, the conclusions are as follows:

First, there would be no separate school districts in the country whatsoever. Under state control and supervision the several counties, cities, larger towns, and larger villages would administer the local schools within their limits. Advisory and even administrative school boards might exist in many places, but not separate corporate school districts.

Second, practically all other special districts would also disappear through the application of our principle. In metropolitan districts some exceptions might be made in order to create larger units for certain purposes. A drainage system involving parts of several counties would be a case coming within the exception, but an *ad hoc* federation of the counties and municipalities concerned would be a more logical solution and would not necessitate the creation of an additional unit.

Third, townships in most of the Middle Western and several Middle Atlantic states would cease to exist as important governing units, but might continue as areas to the extent needed for the local administrative and election purposes of the county.

Fourth, the towns of the New England states are in general in a different position from that of the township. Many of them are urban and industrial, and are more like the cities and villages than are the townships of the Middle West [and] have useful functions to perform.

Fifth, for the more local and urban purposes, cities, villages, boroughs, incorporated towns, and many of the towns of New England would remain as they now are, although many of the smallest villages have little reason for separate corporate existence.

Sixth, in the main urban centers there would be the city-county type of unit, like the county-borough in England, handling all the functions of a city, a county, and a school district.

Seventh, in rural areas, and in areas partly urban and partly rural, the county would be the main unit for performing services of state-wide importance, including education, and also for providing the rural local services. It might also take over water supply, street maintenance, and street lighting for the smaller villages. The number of counties would, however, be reduced.

These eliminations and consolidations would result in the following numerical arrangement of local units

A RATIONALIZED SCHEME OF LOCAL GOVERNMENT UNITS FOR THE UNITED STATES

UNITS	APPROXIMATE NUMBER
City Counties (each having a central city of at least 50 000 population)	200
Counties (rural and part rural)	2 100
Incorporated Places (including the larger towns in New England)	15 000
Miscellaneous Units	500
TOTAL	17 800

The total here is approximately one ninth of the number of units now in existence. The average state, instead of having nearly 3 500 local units, would have about 370.

The difficulties involved in bringing about such sweeping changes in local government as are here suggested should not be forgotten. Forty eight different states must act. Forty eight constitutions must be amended. Forty eight legislatures must be induced to legislate. [Yet] it is a goal dictated by the need for greater efficiency and genuine economy in a system of local government that must meet the needs of life in the twentieth century instead of clinging blindly to the forms of a bygone age. A strong and efficient system of local government is a necessity for the progressive development of real democracy and the maintenance of economical and effective public services.

This complex map of American governmental authorities has thus been undergoing a slow modification. Still, without sweeping legislation, some of the lesser units have already shown a tendency to atrophy and ultimately to disappear.⁹ Nor is the effect of the existing duplication as serious as it appears. In addition to the common democratic heritage which even such structural confusion can not destroy, the American political party system furnishes a loose form of integration for this overlapping and decentralized system of local units. From the standpoint of the specialized services rendered moreover, an inventory of actual governmental activities performed by overlapping units shows that for certain classes of authorities the duplication is more apparent than real.¹⁰ Yet we may expect the trend toward reduction and integration of units of government, noted by Anderson, to accelerate under the pressure for governmental economy and efficiency. The result may be achieved not merely by legal disestablishment of some of these classes of governmental units,

⁹ Anderson, *Units of Government in the United States*, p. 46.

¹⁰ Carl H. Chatters and Marjorie L. Hoover, *An Inventory of Governmental Activities in the United States*. Chicago: Municipal Finance Officers Association, 1947.

such as the "deorganization" of local governments in various sections of the country, but also by intergovernmental contracts and co-operative arrangements which leave the units independent in name only.¹¹

4. MUNICIPAL AND METROPOLITAN GOVERNMENT

It is in the metropolitan areas of the country that the existing governmental structure is most chaotic. Here too the overlapping and special governmental authorities mentioned by Professor Anderson have flourished in the hope of solving the constantly emerging problems of urban life. Thus an independent "mosquito abatement district" had to be created in the Chicago area; and in Los Angeles county a special "air pollution control district" was required. The official report which follows describes the metropolitan problem in the United States during the 1930's.

URBANISM COMMITTEE

"Urban Areas and Authorities"¹²

There are in the United States 175,000 independent units of local government, but the chaos of authorities is most pronounced in the large urban areas and particularly in the 96 metropolitan districts. Occupying only 36,578 square miles or 1.2 percent of the total land area of the country, these districts contain not only 54,754,000 people or 45 percent of the total population, but the most profuse and confusing bundle of independent local jurisdictions to be found the world over. The complexity of local government in urban areas is the result of two factors: First, the accumulation of independent suburbs and satellite cities adjacent to the central metropolitan city; and second, overlapping these cities and suburbs of the metropolitan districts are several layers of different sized, bewilderingly bounded governmental areas with separate legal and fiscal identities—counties, townships, school districts and special districts of all kinds, including sanitary, sewer, library, health, park, forest preserve, street lighting, utility, water and even mosquito abatement districts. More than 17,000,000 of our 55,000,000 metropolitan inhabitants, or one-third of our total population, are suburbanites who either spend most of their waking day in the central city or depend on it as a place of livelihood, shopping, or culture. On the other hand, the residents of the central city depend upon the suburban area for their business and recreation.

While metropolitan life overflows the artificial network of urban

¹¹ Judith N. Jamison: "Neighboring Areas Join Hands." *National Municipal Review*, March 1946, vol. 35, pp. 111-14.

¹² Urbanism Committee: "Urban Areas and Authorities." *National Resources Committee: Urban Government*. Vol. 1, 1939, selected from pp. 27, 29-30, 35.

boundary lines each little bailiwick of government preserves its independent island of authority, with odd results. Urban planning, highway construction, transport facilities, parks and recreational preserves too frequently must await the pleasure of minor suburbs which may have some special reasons for blocking needed improvements. Equally serious is the political indifference and neglect arising from the retirement into the suburbs of large blocs of urban citizenry who merely because they cast their ballot in suburban towns, lose all civic concern in the city governing the core of their urban community and who, if they have any progressive interest in local government at all, must content themselves with programs of governmental reform in their own little suburban settlements. Metropolitan government is not only cumbersome in form, it is costly in practice.

Cities are engaging in extra State activity because, as we have seen, almost one fourth of the metropolitan areas of the United States containing over 25 000 000 people straddle State lines, and cities cannot therefore restrict their daily administrative activities or their legal relations to any one State. It is quite possible that the gap between the city in its local and in its national setting can be filled only by Federal arrangements of the kind which are slowly developing in the field of Federal-city relations and services. It was the Federal Census of 1880 which first officially gave expression to the metropolitan concept for the New York Region; it was the Federal Statistics of Cities of 1890 which first attempted to measure the suburban movement in terms of transportation data; it was the Federal financial statistics which in 1899 first gave realistic expression to the city not as a city corporate but as a bundle of overlapping jurisdictions, and it was the Federal Bureau of the Census which during the decade 1910-1920 developed a nation-wide uniform definition of metropolitan districts. It may be there is no satisfactory alternative to special treatment for our urban and metropolitan districts, unless it expresses itself in such a continuing set of interests on the part of the Federal Government.

This description of the complexities of urban government came from an official report of a Federal agency which should theoretically not concern itself directly with local governmental problems generally reserved to the states. Yet the problem of supporting urban government was so pressing during the economic crisis of the 1930's, for example, that the mayors of large cities circumvented their state authorities and dealt directly with the Federal government on the harassing problems of relief and recovery. Unless the states, in the future, adopt a more constructive policy toward the urban problem, strategic and other emergency considerations may again encourage the metropolitan districts to by pass the States. The result may be a Federal program of direct services to cities, as only through such

drastic means may "the maze of urban areas and authorities be mastered."¹³

5. STATE AND FEDERAL GOVERNMENT

There has also been a tendency to administer Federal agricultural services in direct contact with county authorities and individual farmers, as in the case of soil conservation and other rural programs. On the whole, however, Federal administration of such services has been kept within the existing framework of Federal-state relationships largely by means of the American system of Federal grants-in-aid to the individual states. The position of the state in relation to the Federal government is a more important problem than Federal-local relations. Theoretically in possession of sovereign governmental powers but practically handicapped in many cases by inadequate fiscal resources, the states are the crucial units on the evolving governmental map of the United States. This situation has been thoroughly demonstrated by the studies of Professor V. O. Key, Jr., of the Department of Political Science at Johns Hopkins University. Professor Key's research on the American political party system, together with his work as a staff member of several Federal agencies, has enabled him to give a balanced evaluation of the many political and administrative factors which influence the American system of Federal-state relations.

V. O. KEY, JR.

The Administration of Federal Grants to States¹⁴

A perennial problem in the American federal system has been to make the most appropriate assignments of jurisdiction to the states and to the national government. The question whether a given function should be undertaken by the federal or by the state governments recurs constantly. Because of the difficulty of altering the constitutional distribution of powers, expedients have been sought to overcome constitutional obstacles to nationwide action. The belief has gradually arisen, although it has not been stated in rigorous theoretical form, that the problem need not necessarily be solved in terms of national or state administration. A middle ground exists in which the machinery of federal and state government may gradually be interwoven to approach the unitary form without sacrificing the essential virtues of federalism. In some quarters the grant-

¹³ National Resources Committee: *Urban Government*, p. 35.

¹⁴ V. O. Key, Jr.: *The Administration of Federal Grants to States*. Adapted from pp. 6-7, 380-83. Reprinted by permission of Public Administration Service. Copyright 1937, Public Administration Service.

in-aid, as one of the most significant of the methods for interlocking the various levels of government, is viewed as a sort of panacea, a device by which most national problems may be coped with, thereby avoiding both constitutional difficulties and the problems supposedly inherent in national administration

The grants of land beginning with the Northwest Ordinance established a pattern of relationships to serve as a precedent for money grants to the states. It was but a short step from one to the other, and involved no new principle. In 1837 Congress relieved the federal treasury of an embarrassing surplus which it distributed to the states in the form of loans with no expectation of repayment. It was considerably later, however, before the money grant developed into its characteristic form. In 1887 Congress provided money grants to the state agricultural experiment stations, and in 1890 inaugurated grants for instruction in the land grant colleges. The state forest services received subsidies in 1911, in 1914 agricultural extension work was added to the list. Congress soon recognized the national interest in highways (1916), vocational education (1917), and vocational rehabilitation (1920). The decade 1921-1930 was marked by the expansion of the older aided activities, but no new functions of fiscal importance were added. Since 1930 services of great significance have been undertaken by the grant-in-aid method. The temporary grants for unemployment relief involved extremely large sums, and important permanent additions to the grant-in-aid system were made by the Social Security Act of 1935.

The grant has been used principally for functions of a "service" character rather than for regulatory activities. In these service activities, considerable cash outlay for materials, personal services, or gratuities is necessary; and, on the whole, private rights have not been affected adversely. The federal grant is usually large enough to bring about state assumption of the function. It is significant, however, that the grant has not been used in an attempt to achieve any important national policy involving the regulation of private conduct. Furthermore, the grant-in-aid appears to be most useful in those "service" activities carried out according to policies which may be applied independently in each state with little reference to what is being done in the same field in other states. Extremely difficult problems arise when tasks are undertaken which require either considerable correlation of activity among states or a planning of the undertaking with a range of vision broader than state areas. The achievements of direct federal administration are not so striking as to make federal assumption an inviting alternative to the grant system. The governance of a nation of continental proportions is a matter for which no simple blueprint and specifications are available. The grant system builds on and utilizes existing institutions to cope with national problems. Under it the states are welded into national machinery of sorts and the establishment of costly, parallel, direct federal services is made unnecessary. A virtue of no mean importance is that the administrators

in actual charge of operations remain amenable to local control. In that way the supposed formality, the regularity, and the cold-blooded efficiency of a national hierarchy are avoided. The grant system is admittedly an expedient. It must be judged, however, not by the ideal, but by its concrete achievements. In all probability, the functions promoted by it would not have been performed on the same scale or with the same degree of effectiveness had the federal-aid scheme not been devised.



It has been apparent for some time under the Federal grant-in-aid program, that our system was no longer "an indestructible union of indestructible and immutable states."¹⁵ One of the main arguments for the retention of state sovereignty has been the capacity of the states to experiment with solutions for social problems as they arise; but in experimenting with solutions to such problems, states have been showing a decreasing vigor. When the Interstate Commerce Commission Act for the regulation of the railroads was passed by the Federal government in 1887,¹⁶ over half the states had already set up systems for the intrastate regulation of railroads; but by the time the Federal social security system and the national planning agencies were established in the 1930's, only a few states had previously enacted social security or planning laws. It is quite possible that our interdependent economy makes state legislation less feasible, but it is also true that the states have learned to stand by and wait for Federal aid.

6. FEDERAL ADMINISTRATIVE AREAS

Increased national functions have also resulted in the elaboration of the Federal administrative machinery throughout the country. Complaints against the centralized Federal government must be construed in the light of the fact that 90% of the employees of Federal departments and agencies operate from approximately 2000 Federal field offices located in 200 American cities outside of Washington.¹⁷ This regional administrative network of the Federal government was fully described in a report of the National Resource Committee in 1935.

¹⁵ John W. Burgess: "The American Commonwealth." *Political Science Quarterly*, March 1886, vol. 1, p. 34.

¹⁶ Robert E. Cushman: "The Problem of the Independent Regulatory Commissions." *Report of President's Committee on Administrative Management*, 1937, p. 209.

¹⁷ Commission on Organization of the Executive Branch of the Government: "General Management of the Executive Branch," February 1949, p. 42. *Report of President's Committee on Civil Service Improvement*. Washington, 1941, House Document No. 118, 77th Cong., 1st Sess., p. 10.

COMMITTEE ON REGIONAL PLANNING

"Regional Organization for Administration"¹⁸

Approximately 74 Federal agencies, of bureau status or higher, have designed sets of regions for defining the jurisdiction of their field agents. All told there are approximately 108 separate regional schemes employed by Federal administrative agencies. The number of regions in each scheme ranges from 1 to 307. The Tennessee Valley Authority and several agencies of the Department of the Interior confine their activities to a single regional area. At the other extreme is the Works Progress Administration, which employs 307 districts in its administrative procedure. These extremes, however, are not representative. If one eliminate from consideration those few regional schemes which do not embrace the whole country—as one must to avoid distortion of the results—it will be found that over half the regional schemes use less than 10 regions. Except for an expectably strong clustering about the choice of 48 regions (coterminous with the States), less than 20 schemes possess more than 17 regions each. In other words, the adoption of regional schemes has probably been motivated in the main by the desire to administer areas fewer and larger than individual States. While this would not necessarily mean the simple grouping of States into regions, it would mean that the present subdivisional units, the States, had been found both too small and too numerous for efficient discharge of the Federal functions.

A scheme of 12 regions is the most popular, and is used by agencies of such major importance as the Federal Reserve System, the Farm Credit Administration, and the Employees' Compensation Commission. Certain bureaus of the Treasury, War, and Navy Departments also use 12 regions. Next below 12 regions, schemes of 7 and 9 regions are the most frequently used. The Interstate Commerce Commission and the National Recovery Administration are among the agencies using 7 regions, while 9 regions are used by the War Department in its Corps Areas, by the Forest Service, Agricultural Adjustment Administration, and Federal Emergency Relief Administration.

Regional boundaries adopted by the several agencies show very little correspondence. Except in the case of the supply arms and services of the War Department, each agency has chosen its boundaries with slight knowledge of or concern for the boundaries already chosen by other bureaus. Some of the bases on which boundaries were drawn may, however, be enumerated: State lines, physiographic features, politics, the localization of the objects of administration, transportation convenience, and the desire to equalize the burden of work among the regions have all at one time or another played their part. The least frequent influences of those enumerated are probably politics and physiographic features.

¹⁸ Committee on Regional Planning. "Regional Organization for Administration." National Resources Committee. *Regional Factors in National Planning and Development*. December 1935, selected from pp. 71-72, 82.

Most regionalizing agencies have not only drawn boundaries for their regions but have also selected a headquarters city for each region. Out of the approximately 100 regional schemes now in use, only 7, such as the Bureau of the Census and the Office of Education, have regions without regional headquarters. The 82 regional schemes which cover the whole country have a total of 1,300 regional offices distributed among 195 cities.

Outstanding among this group of cities are San Francisco (including Berkeley and Oakland), New York, and Chicago. San Francisco is chosen by 73 schemes, New York by 69, and Chicago by 66. Boston, New Orleans, Denver, Atlanta, and the Twin Cities are very important as regional centers. New Orleans and Atlanta are alternatively headquarters for the whole South, or else they are both used in single regional schemes for two halves of the South. The prominence of Boston suggests the frequency with which New England, or a portion of it, is granted regional status even in a scheme with few regional units. Denver is headquarters for the Mountain States and draws its territory from regions otherwise served by San Francisco and Chicago. The Twin Cities (St. Paul being generally preferred over Minneapolis) draw almost entirely on the territory otherwise allotted to Chicago. There is a group of 13 cities, indicated on the map by the third largest circles, each of which is the headquarters for over 20 regional schemes. In the order of their frequency, these are, Seattle, St. Louis, Portland, Baltimore, Kansas City, Washington, Philadelphia, Cleveland, Los Angeles, Detroit, Cincinnati, Pittsburgh, and Omaha.

In conclusion, it may be pointed out that the amount of territory over which a regional office can conveniently carry on its activities, the number of regional offices which Washington can easily supervise, the importance of State lines in drawing regional boundaries and the methods of subregional division are all problems which have been faced by Federal agencies and solved, however imperfectly and shortsightedly, after years of dealing with the matter. Most of the divisions employed are no more than regions by designation. At present new tasks are devolving upon the Federal Government, and these entail new methods of solution and execution. Economic, social, and physical factors are thrusting themselves into the picture, and these will no longer give way wholly to questions of administrative convenience or established modes of procedure.

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One of the main lessons derived from a study of Federal administrative areas is the significance of the selection of regional centers. In drawing administrative areas on a national scale, it seems advisable to concentrate on the selection of headquarters or regional centers for the "natural" or ecological areas. Difficulties will doubtless occur in marginal cases under any system of area boundaries.<sup>19</sup> But so im-

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<sup>19</sup> See also "Federal Field Offices." Senate Miscellaneous Documents; 1943, 78th Cong. 1st Sess., No. 22.

portant is the question of the center in comparison with the boundary of governmental areas, that a number of counties and some states have maintained duplicate county seats or state centers for their administrative offices

Regardless of these technical questions that complicate the establishment of administrative areas, a highly significant growth of decentralized Federal administrative areas has begun to appear. Decentralized federal functions have probably outweighed the intensified program of governmental activities undertaken by the equally burdened states and cities. In the 1930's, a popular national contest was conducted for the redrawing of state lines and the substitution of regional boundaries.<sup>20</sup> While this suggestion has not been repeated since the revival of states' rights sentiment during the 1940's, no one can safely underwrite the existing political map as long as the habit remains of treating governmental geography pragmatically in transitional or critical periods.

## 7 REGIONAL AUTHORITIES AND THEIR LIMITATIONS

The most prominent illustration of regionalism in the United States is the Tennessee Valley Authority. Far from displacing the authority of the states, however, this regional government corporation has noticeably strengthened state and local administration, just as it has helped to strengthen the resources and the economy of the Tennessee Valley states. Professor C. Herman Pritchett of the University of Chicago, who has studied the TVA "experiment" in the light of his more general research in American public law and public administration,<sup>21</sup> has arrived at the following conclusions concerning the further application of regional government in the United States:

### C. HERMAN PRITCHETT

#### 'The Transplantability of the TVA'<sup>22</sup>

Most people are now prepared to admit that the Tennessee Valley Authority has been a success. It is hard to dispute that since 1933 the whole face of the region in which the TVA operates has been changed for the better. The energies of its streams have been harnessed and their

<sup>20</sup> *Chicago Tribune*, January 5, 1930. The contest was won by Professor Saam who proposed eleven city states as a basis for the regional reorganization of the country.

<sup>21</sup> C. Herman Pritchett, *Tennessee Valley Authority* (Chapel Hill: The University of North Carolina Press, 1943); *The Roosevelt Court, 1937-1947* (New York: The Macmillan Company, 1948).

<sup>22</sup> C. Herman Pritchett, *The Transplantability of the TVA* (*Iowa Law Review*, January 1947, vol. 32, adapted from pp. 327-29, 337-38. Reprinted by permission).

destructive potentialities largely brought under control. A "Great Lakes of the South" has been created with tremendous possibilities for recreational development of the area. The immense amounts of power made available at low rates have been responsible for new industries, new patterns of rural living. Educational and demonstration activities have resulted in *materially transforming an exploitative agricultural system* into one which conserves and promotes both natural resources and human values.

From one point of view, indeed, the TVA may have been too successful. One might well ask, after watching the scores of bills which have been dropped into the congressional hopper since 1933 seeking the creation of similar regional authorities for almost every river valley in the United States, whether the authority device had not been oversold. How many of these bills, one may wonder, have been based on a real understanding of the authority plan? To how many people is the TVA more than a slogan? It was against an unthinking overenthusiasm for transplantation of the Tennessee Valley formula to other areas that Secretary Ickes was fulminating in 1944 when he warned that problems of regional development could not be solved "merely by lighting a candle and intoning, 'TVA, TVA, TVA'."

The authority differs in several important ways from the regular pattern of federal departmental administration. The basis on which departments are normally established is that of major purpose or function. They are given a single major function to perform, and a wide jurisdiction in which to perform it. The result of the functional plan of organization is that in each geographical area such action programs as the federal government may determine to undertake are in the hands of separate federal bureaus or agencies, each concentrating upon its own field of specialized interest and sharing no responsibility for the program or operations of its neighbors, with whom, in fact, its relations may be those of competition or rivalry rather than cooperation. The approach to regional problems is thus uncoordinated, piecemeal, and segmented. It is precisely this characteristic of the federal government's action programs in the Missouri Valley, which have been entrusted to such bitter antagonists as the Army Engineers and the Bureau of Reclamation, that has led to the demand for a Missouri Valley Authority. For the regional authority reverses the normal departmental pattern. It is a multiple-purpose agency with jurisdiction limited to a particular geographical area, within which it has broad powers to plan and operate a comprehensive and unified program of resource development. Instead of land and water and forests and minerals and transportation being split up among separate agencies, each jealous of its own domain, the authority can include and interrelate all these elements in its plans. Thus it avoids and ignores the lines which regular federal agencies must draw.

The more closely this organizational problem is examined, the more it appears that there is no entirely satisfactory method of blending

omnicompetent regional organizations in with single purpose units organized on a national basis. William Pincus has recently suggested the possibility of gathering together on a national scale the scattered functions and activities concerned with natural resources development around the nucleus of the primary tools which Congress placed in the hands of the TVA—water use and control and incidental power development—and placing them in a revamped or new federal department. Such an organization Pincus suggests might avoid the necessity for exposing this nation to all the problems which the uncoordinated development of various regions would inevitably create in both the administrative and economic fields. Another suggestion along this same line comes from Charles McKinley who proposes that existing federal water and power agencies could be brought together in a reconstituted Department of the Interior thus preserving the traditional functional pattern of national administration but with the department so set up as to give as large a degree of regional autonomy to its field representatives as the need for regional variation, celerity of design and construction and efficient operation might require. Even under this plan however he recognizes that related regional functions would still be in the charge of other departments such as the Department of Agriculture so that a consistent and comprehensive regional program would still need to be fused and put into effect against the familiar jurisdictional obstacles to cooperative administrative operations.

Departmental reorganizations of this more heroic sort will be correspondingly hard to engineer so that attention must also be given to experience with various coordinative devices employed under existing departmental arrangements. But until the tide for departmental reform begins to run more strongly than it has in the past the short cut to regional integration offered by the valley authority will remain a strong one. As one advocate of the device has said: "The valley authority reaches into Washington and puts a big piece of the whole federal government right down into each regional area. It is the most readily available and immediately promising method of breaking through the compartmentalization of federal resource development programs and producing a unified dynamic attack on regional problems."

There is a price to be paid however for its speed and its concentration. There is a real chance that regional autonomy will be achieved at the expense of national control. Regional concentration can develop into a narrow sectionalism. The administrative freedom claimed for a regional authority may extend so far as to undercut executive responsibility. Ways must be found to prevent the valley authority from developing the defects of its virtues for these are the real limits on the transplantability of the TVA.

Clearly the imposition of regional government onto the already overburdened map of overlapping authorities had its dangers. Never



theless, the regional authority was regarded by a growing number of Americans as a pragmatic political device invented during one of the most serious economic crises in American history. Other observers consider it a dramatic model for international application. At the height of World War II, President Roosevelt reflected: "When I get through being President of the United States and this damn war is over, I think Eleanor and I will go to the Near East and see if we can manage to put over an operation like the Tennessee Valley System that will really make something of that country."<sup>23</sup> Actually, TVA engineers and TVA ideas had penetrated into the Near East and Far East in the pre-war period; and, ridiculed though it was during the unsettled post-war period, Henry Wallace's proposal for the application of the TVA idea to central Europe gripped the imagination of some Americans who continued to search for constructive bases in the relations between East and West. From the standpoint of rational domestic organization, the canopy of Federal departmentalization might be expected to fall upon TVA and other regional developments. If it does, there will still remain a pattern of regional planning which has already left its imprint upon the map of the United States and other countries.

## 8. AREAL ADMINISTRATION IN THE ATOMIC AGE

The prospect of modernizing administrative areas arises not so much from the attractiveness of newer governmental inventions such as the Tennessee Valley Authority, as from the changes inherent in modern technologies such as hydro-electrical power and atomic energy. The Atomic Energy Act of 1946 had declared: "The effect of the use of atomic energy for civilian purposes upon the social, economic and political structures of today cannot now be determined . . . It is reasonable to anticipate, however, that tapping this new source of energy will cause profound changes in our present way of life."<sup>24</sup> One of the major changes may be the geographic structure of American enterprise and administration. It was no accident of American managerial talent that the first chairman of the Atomic Energy Commission should be the chairman of the Tennessee Valley Authority, which had successfully introduced the newer regional dimension of administrative geography in the United States.

In the Atomic Energy Act, the United States committed itself to a program of: exclusive government ownership of plutonium, ura-

<sup>23</sup> Frances Perkins: *The Roosevelt I Knew*. New York: The Viking Press, 1946, page 89.

<sup>24</sup> 79th Cong., 2nd Sess., Public Law 585, Chapter 724.

num 235 or other fissionable materials capable of releasing substantial quantities of energy through the nuclear chain reaction, government control of the source materials for such atomic energy, government ownership or control of the manufacture and use of atomic energy, and overall governmental direction of atomic energy research, development, and distribution. In accordance with the prevailing American standard of "strengthening free competition in private enterprise," however, the enterprises and operations involved were to be carried on largely by commercial contractors and private institutions. It is interesting to note that when the United States Atomic Energy Commission took over control of the wartime atomic energy projects in 1947, the Commission's program and organization was described mainly in terms of an elaborate network of plants, offices, and laboratories, thus introducing a new element of administrative decentralization on the map of the nation. Richard O. Niehoff, Special Assistant to the General Manager of the Atomic Energy Commission and a former member of the staff of the Tennessee Valley Authority, described the organization of the Commission in 1948 as follows:

#### RICHARD O. NIEHOFF

#### *Organization and Administration of the United States Atomic Energy Commission*<sup>25</sup>

Responsibility for supervising the operations of the Atomic Energy Commission is delegated to the managers of five highly decentralized field offices which are organized on the basis largely of functions. All of these managers report directly to the general manager. They are responsible for the supervision of the AEC field organizations which negotiate contracts and provide policy direction, control and assistance within the broad framework of commission policy to research engineering production, construction, and other contractors who do almost all of the actual operational work of the commission. Managers of directed operations have varying authority, depending upon the functions being carried out under their direction, to enter into contracts ranging from two to five million dollars for each contract on programs which have been approved by the general manager. They are obliged to bring only those operational problems to the attention of the general manager which raise new policy problems of a very complex nature or which are likely to affect the work of the entire organization.

In addition to their authority to contract, managers have broad delegations of authority to (a) Establish positions and make appoint

<sup>25</sup> Richard O. Niehoff, *Organization and Administration of the United States Atomic Energy Commission*, *Public Administration Review* Spring 1948 vol. 8 selected from pp. 94-95, 97-98, 101-02. Reprinted by permission.

ments, subject to general security restrictions. (b) Issue certificates and licenses where appropriate, develop instructions, and take all other administrative actions necessary for the performance of the assigned functions unless clearly inconsistent with the limited number of the directives and instructions of the general manager. In general, the organization of each of the offices of directed operations parallels closely, but not uniformly, the organization of the Washington office, thus making it possible to conduct the business of the commission with a minimum of organizational complications or barriers.

In addition to their responsibility for direct supervision of the operations of the commission, managers of directed operations are considered to be members of the general manager staff in absentia and as such share responsibility for the development of commission policy and the effective and economical administration of directly administered and contract activity. A brief sketch of the program of each of the offices of directed operations follows.

**New York.** The office of New York directed operations was established on June 9, 1947. This office, under the direction of the manager of New York directed operations, is authorized to administer the following principal functions: (1) Receive and warehouse source material and procure other material as required. (2) Direct all phases of the commercial production of uranium and thorium metals, and certain compounds and special materials for AEC installations in accordance with approved AEC programs. (3) Negotiate and direct the administration of the contract provisions of all construction and related contracts entered into or assigned to the New York office. (4) Administer research contracts, including that of the Brookhaven National Laboratory. (5) Locate and negotiate with contractors for the development and manufacture of certain special materials and engineering equipment for use at other AEC installations. (6) Administer the system of source material licensing established by the commission.

**Oak Ridge (Tennessee).** The office of Oak Ridge directed operations was established on September 15, 1947. The principal functions of this office are to: (1) Direct the operation and maintenance of plants and facilities for the production of fissionable and related materials. These plants and facilities are located at Oak Ridge, Tennessee, Miamisburg, Ohio, and elsewhere. (2) Direct and design the construction of plants and facilities as may be required. (3) Administer research and development contracts including the Oak Ridge Institute for Nuclear Studies. (4) Administer the AEC program for the production and distribution of radioactive and stable isotopes. (5) Direct the construction, maintenance, and administration of housing and community facilities for the town of Oak Ridge which has a population of approximately 36,000 persons.

**Chicago.** The office of Chicago directed operations was established on August 31, 1947. The principal functions of this office are to:

(1) Administer research and development contracts for work performed at the Argonne National Laboratory. The work of this laboratory is focused chiefly on problems of reactor development, with fundamental supporting research on relevant problems in chemistry, physics, metallurgy, medicine, and biology. (2) Direct the contractors responsible for the design and construction of buildings and facilities authorized for the new Argonne National Laboratory and other authorized buildings and facilities. (3) Administer research and development contracts for work performed at Iowa State College. (4) Administer research and development contracts for work at the University of California at Berkeley concerned with research in nuclear physics, high energy accelerators, chemistry, biology, and medicine.

**Sante Fe (Los Alamos, N M)** The office of Sante Fe directed operations was established as of July 2, 1947. This office manages contracts for atomic research, for developmental engineering, and for the construction and maintenance of facilities for the production of atomic weapons. One of the more important facilities is the town of Los Alamos which has a population of approximately 8,600 persons.

**Hanford (Richland, Washington)** The office of Hanford directed operations was established as of September 1, 1947. The principal functions carried out under the authority of this office are: (1) The manufacture of plutonium and other products at Hanford and at other locations directed from Hanford. (2) The administration of research contract activities at Hanford. (3) The construction of new and the operation and maintenance of existing production, research, and community facilities at Hanford. (4) The direction of research activities at the Knolls Atomic Power Laboratory and other research at Schenectady, New York. Most of this work is administered by the same prime contractor which administers the work at Hanford. (5) The construction of new and the operation and maintenance of existing laboratory and other facilities for the Knolls Atomic Power Laboratory at Schenectady, New York. (6) The management of the town of Richland, Washington, which has a population of approximately 17,000 persons.

**Eniwetok Proving Ground** The commission is developing a proving ground for atomic weapons in Eniwetok Atoll in the South Pacific.

To meet these operational demands, the commission has chosen to combine wide delegation of authority for operations with an alert and sensitive centralized staff organization. The continued workability of the organization as now conceived will be tested by: (1) The continued basic soundness of the commission determination to have all or almost all of the operations of the AEC carried on by contractors, (2) The continued effectiveness of the field organization to give useful direction to the work of contractors, (3) The continued and quickened development of basic program and management policies and standards by Washington divisions and offices to guide the operational direction of contractors by the AEC field staff, and (4) The continued effective integration of program policy

and operational needs at the level of the general manager and the commission—incorporating at this level the advice of top military, congressional, and scientific bodies.

National strategy was not the only reason for this decentralized system of research and production. The potential peacetime application of the newer energy forms and the possibilities of power transmission across vast distances intensified the dispersive tendencies. Added to this dispersion was the fact that the government contracted out the bulk of the atomic energy operations to private enterprises and research institutions scattered over the nation. In the background was the added complexity of an impending international system of control under the United Nations.<sup>26</sup>

By the middle of the twentieth century a prospective geographical devolution had appeared in American life. With technological dispersion and administrative decentralization combined, the existing organizational map was not likely to remain unshaken.

## 9. BUSINESS ORGANIZATION—LOCAL AND INTERNATIONAL

The older structure of private trusts and corporations in the United States continued to undergo a similar geographical proliferation. An interesting case study is offered by Standard Oil Company of New Jersey. Nominally limited to the state of New Jersey as a result of the American "trust-busting" era of the 1890's, this company did not cease its expansion domestically, while internationally it was, by 1946, doing half its business abroad, producing crude oil in 11 countries, operating refineries in 13, marketing its products in 115 different nations and dependencies, and doing 17% of the total oil business of the world.<sup>27</sup>

### An Introduction to the Standard Oil Company<sup>28</sup>

In 1906 the Federal Government filed suit, under the provisions of the Sherman Anti-trust Law, against Standard Oil Company (New Jersey). On May 15, 1911, after nearly five years of litigation in various

<sup>26</sup> United Nations, Department of Public Information: *Scientific and Technical Aspects of the Control of Atomic Energy*, 1946. United Nations, Atomic Energy Commission: *Official Record*, Third Year. No. 1, Fifteenth Meeting, May 7, 1948.

<sup>27</sup> See note 28, p. 2.

<sup>28</sup> Standard Oil Company of New Jersey: "An Introduction to Standard Oil Company." Selected from pp. 4-8, 10-16, 18-20.

courts, the Supreme Court affirmed a decree which enjoined the Company from voting the stocks of, or exerting any control over, 33 separate subsidiaries. The decree made it impossible for the old Standard Company to continue in business as a single unit. The Jersey Company, for example, retained several large refineries on the East Coast and most of the foreign business, but it had very little crude oil production, practically no pipeline transportation, no tankers, and limited domestic markets. The situations thus created were to find solutions in a period of new expansion in the oil industry. This expansion resulted mainly from two factors: the automobile and the first World War.

While strengthening its domestic positions, the Company was also expanding abroad. Affiliates obtained concessions in Peru in 1914 and in Colombia in 1920. In 1921, another affiliate, Standard Oil Company of Venezuela, began oil exploration in that country. Through the purchase from Standard Oil Company (Indiana) of its stock interest in Pan American Foreign Corporation, came control of the Aruba refinery in the Netherlands West Indies, which has since been developed into one of the largest and most modern refineries in the world. Today Jersey affiliates operate in all but two of the Latin American countries, Bolivia and Mexico, in both of which Jersey had extensive interests until its properties, together with those of other foreign oil companies, were expropriated by the governments of those countries in 1937 and 1938. The search for oil was also extended to the Far East. A large refinery was completed at Palembang, Sumatra, in 1926. Socony Vacuum Oil Company, Inc. had developed important markets in the Far East, supplying them largely with oil products exported from the United States. As Jersey's new Far East crude oil supply was a natural contributor to these markets, the Company joined its producing facilities there with the marketing operations of Socony Vacuum in 1933 to form the jointly owned Standard-Vacuum Oil Company, operating in Asia, Africa, and Oceania. In 1928 Jersey, together with other United States companies, obtained an interest in the potentially rich oil lands of the Middle East.

How this came about sheds interesting light on the world oil situation following the first World War. The collapse of the Ottoman Empire and Central Powers had made it possible for greater western participation in the development of the Middle East oil lands. In advancing its open-door policy, the United States Government encouraged American oil companies to extend their activities to this area. Turkish Petroleum Company (now known as Iraq Petroleum Company) was being recognized and, following long negotiation, a group of United States oil companies obtained an interest in it. American, British, French, and Dutch interests shared 95 per cent of the stock equally, and the remaining 5 per cent was owned by an independent promoter, Calouste Sarkis Gulbenkian. The American share (23¾ per cent) was owned in 1928 by five American oil companies, but three of these later sold their interests to

Standard Oil Company (New Jersey) and Socony-Vacuum Oil Company, Inc., who today participate equally in the venture now known as Near East Development Corporation.

As European needs for petroleum products increased, Jersey's European affiliates extended their activities. Anglo-American Oil Company, Ltd., an affiliate in England, became one of the major suppliers of oil products to the United Kingdom. Deutsch-Amerikanische Petroleum-Gesellschaft in Germany, Romano-Americana in Rumania, Societa Italo-Americana pel Petrolio in Italy, and Standard Francaise des Petroles (jointly owned with other oil companies) in France figured importantly in the economic growth of their respective countries. Other Standard subsidiaries grew to prominence in Denmark, Finland, Holland, Belgium, Norway, Sweden, Switzerland, Czechoslovakia, and Hungary. At the outbreak of the second World War, the Jersey Company was represented in 19 European countries and in Algeria, Tunisia, Libya, French Morocco, and Egypt. The activities of its affiliates extended to Iceland and the Azores, and to the southeast coast of Africa.

Meanwhile the oil industry was developing rapidly in the United States as motoring and wide-scale mechanization created unprecedented demands for petroleum products. The Company's domestic affiliates became important in producing, refining, and distribution in many parts of the country. [These included] Humble Oil & Refining Company, with headquarters in Houston, Texas, and operating in the South and Southwest from Florida to New Mexico, [and] the Carter Oil Company, with headquarters in Tulsa, Oklahoma, and operating in the Middle West, Southwest, and Rocky Mountain states.

In 1927 Standard Oil Company (New Jersey) divested itself of its operating functions. The management of its tanker fleet was transferred to Standard Shipping Company. (It was returned to the Jersey Company in 1944.) A new affiliate, Standard Oil Company of New Jersey, incorporated in Delaware and known to Jersey people as the "Delaware Company," was formed to carry on all other operating activities until then conducted by the parent company. Today Standard Oil Company of New Jersey operates large refineries at Bayonne and Linden, N. J., Baltimore, Md., and Baton Rouge, La., as well as smaller plants in Jersey City, N. J., and Charleston, S. C. It markets in New Jersey, Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Tennessee, Arkansas, Louisiana, and the District of Columbia. In addition, it owns Standard Oil Company of Pennsylvania. Another of its subsidiaries is Penola Inc., marketer of industrial lubricants, process oils, and specialties. Colonial Beacon Oil Company, another domestic affiliate, operates a modern refinery at Everett, Mass. Stanco Incorporated was organized in 1927 to manufacture and market insecticides, [Flit]. Gilbert & Barker Manufacturing Company makes oil burners and service station equipment. It has been a Jersey affiliate since 1884. Ethyl Corporation, jointly

owned with General Motors, was formed in 1924 to manufacture and sell tetra-ethyl lead, anti knock compound

The story of the contributions by the Jersey Company and its affiliates to the defense of the nation in the second World War cannot be told without reference to the results of a momentous meeting in 1925. In that year several officials of the German I. G. Farbenindustrie visited the Jersey laboratories while on a tour of United States industry. In conversations with them, Jersey scientists learned of the progress German scientists were making in hydrogenation and other processes of great potential value to the oil industry. Jersey experts thereupon visited Germany to study these new developments, and in 1927 the Jersey Company arranged to purchase from I. G. Farben the rights in numerous German patents and processes dealing with oil. The volume manufacture of 100-octane aviation gasoline, the synthesis of toluene from petroleum, and the vast wartime production of synthetic rubber were important results of processes based in part on original German data.

Like the operations of any major industrial organization, those of the Jersey Company and affiliates involve many thousands of firms and individuals not directly connected with these companies. For example, Jersey's domestic producing affiliates lease land from over 60,000 land-owners, who receive a rental fee and, when production begins, a royalty on every barrel of oil taken from their land. Over 20,000 independent service stations, in addition to resellers and jobbers, provide the principal retail outlets for Jersey's domestic products.

In all its relations with its affiliates, the Jersey Company stresses decentralized management, believing that a system of independent, self-reliant companies gives maximum encouragement to growth and the development of leadership. Each separate operating company has its own officers and board of directors, who are responsible to their stockholders. In this way the fullest opportunity is afforded for the expression of individual judgment and authority by the men who are most familiar with local problems.

On the principle of "centralized control and decentralized operation,"<sup>29</sup> other business corporations, such as the General Motors Corporation, were able to create a similarly widespread system for the production and distribution of their products.<sup>30</sup> The retention of the state as a mere domiciliary basis for the national and international expansion of American enterprise is an interesting legal fiction which even some government corporations utilize, as we have seen. Apparently similar area devices are selected for the management of all kinds of institutions. Thus, the ecclesiastical government of the Protestant

<sup>29</sup> Col. R. I. Rees, "Army and Business Organization Compared," American Management Association, *General Management Series*, 1925, p. 5.

<sup>30</sup> See Chapter 2, Paul B. Coffman, "Testing for Ability in Management," *Harvard Business Review*, 1931-32, vol. 10, p. 270.



Episcopal Church in the United States has a history that centers around the use of state boundary lines to define the diocesan areas.<sup>31</sup>

## 10. POLITICAL CENTRALIZATION AND CULTURAL DECENTRALIZATION

The possibility of combining economic and social decentralization with a high degree of political centralization has been demonstrated by Soviet Russia. Aaron Yugow, a Russian-trained scholar who had occasion to make first-hand observation of the Soviet system in its earliest years, here compares the centralizing trends of Czarist Russia with the regional decentralization of Soviet Russia.

### AARON YUGOW

#### *Russia's Economic Front for War and Peace*<sup>32</sup>

Old Czarist Russia was a country with a comparatively well-developed center of industry and poorly developed outlying regions. Ninety per cent of all industry was concentrated in three regions: around St. Petersburg, around Moscow, and in the Ukraine. In the rest of Russia industrial development took place slowly in spite of the presence of raw materials and fuel in various regions, since the policy of the government was to treat the outlying regions—particularly those in the North, the Caucasus, the Crimea, the Middle Asiatic possessions, and the Far East—as colonies. Their task was to furnish raw materials and agricultural products to Central Russia. This policy governed the building of railroads, the determination of railway freight rates, the building of canals, the establishment of banks, the organization of fairs, etc.

In looking back over the Soviet government's policy in this respect, it is well to bear in mind two considerations by which it was guided in formulating its plan of distributing among the regions the productive forces of the Union. The first consideration was that of economic expediency, of establishing the factory near the source of raw materials, the development of agricultural centers for raising industrial crops in regions best suited to them by climate, the utilization of natural sources of fuel, of electric power, water transportation, and so on. The second consideration was the economic and cultural improvement of the outlying regions. The reawakened republics of the various nationalities aimed not only at the development of the natural wealth of their regions, but

<sup>31</sup> Samuel D. McConnel: *History of the American Episcopal Church*. Milwaukee: The Young Churchman Co., 1916, pp. 264-87; U. S. Census, Religious Bodies, 1936 vol. 2, pt. 2, pp. 1492-95.

<sup>32</sup> Aaron Yugow: *Russia's Economic Front for War and Peace*. Selected from pp. 149-52, 155-57. Reprinted by permission of Harper & Brothers. Copyright, 1942. Harper & Brothers.

displayed great activity and initiative in seeing that all the key industries be developed in their republics. Lately, as the menace of war loomed nearer, a new consideration entered into the question of the geographic distribution of Soviet industry. First, the government, wishing to prepare for all eventualities, decided to distribute its key war industries in such a manner that they would be subject to the least danger of systematic aerial attacks, and second, to create in the Ural Mountains, in Siberia, and in the Far East independent, self-contained industrial centers.

The Third Five Year Plan proposed the creation of self-contained industrial centers in the Caucasus and in the Far East. The greatest changes have taken place in industry. The ratio of the Leningrad, Moscow, and Ukraine regions to the total industry of the country was reduced from 90 to 60 per cent. In the various republics attention was first centered upon extractive industries and those branches of agriculture best adapted to local natural conditions, at the same time industrial enterprises were established for the utilization of local raw materials. The industrialization of these republics, as well as of the outlying territories, has brought about not only material improvements but cultural advancement. There has been a rapid expansion of general as well as technical education. Local schools and scientific institutions sprang up, newspapers and books published in the language of the local population multiplied.

The direction of all these activities is concentrated, in the constituent republics, in the hands of the representatives of the Central government, and of Communist organizations. Any deviation from the instructions of the Central Committee of the Communist party has brought severe punishment time and time again, even to the sentencing to death by shooting of the President of the Supreme Soviet of the republics. All business undertakings of the slightest consequence are under the centralized management of the federal authorities, who permit no deviation, except when meeting local conditions, customs, and traditions does not in any way involve a sacrifice of the principles or directions laid down by the Central authorities. However, an objective study of the facts leads to the conclusion that the Central government, guided by considerations of national interest, has on the whole in these constituent republics followed an economic and cultural policy which has brought about a rapid advance of these formerly backward parts of the country. On the other hand, there have been not a few mistaken attempts to create industrial giants in regions bordering on wilderness, there have been local discords and friction between nationalities. Many billions of the people's money have been squandered. But on the whole, from the point of view of the interests of the entire Soviet Union, the policy of decentralization of industry has been carried through thoughtfully and has given positive results. The natural wealth of the Soviet Union has been utilized, as a result of this policy, in a more complete and rational manner. Industrial centers have been distributed more evenly over the country and nearer to sources of cheap power. Rapid industrial and cultural advances have

been achieved in the new regions. Discord and friction between nationalities have to a great extent been allayed. The needs of national defense have been taken into account in the creation of new industrial centers and in the location of defense industries.

Other European countries, especially France,<sup>33</sup> have attempted to carry out decentralizing policies but have had less conspicuous success. The economic and strategic advantages of the Soviet experiment in decentralization are obvious, and the results of Soviet cultural devolution also look promising. However, we have no decisive evidence as to the degree of cultural freedom which is genuinely experienced in independent regions and republics operating under the highly centralized Soviet political dictatorship.

## 11. AREA AND FUNCTION IN THE ADMINISTRATION OF FOREIGN AFFAIRS

Organizations frequently have departments based both on area and function. Professor Arthur W. Macmahon of Columbia University discusses below the attempt at "reconciliation of the conflicting claims of functional and areal divisions" in the conduct of the foreign relations of the United States.

### ARTHUR W. MACMAHON

#### "Function and Area in the Administration of International Affairs"<sup>34</sup>

The traditional subdivision of foreign offices has been geographical. Through 1944, four regional offices are provided [in the Department of State]: European Affairs, Near Eastern and African Affairs, and Far Eastern Affairs, under one of the assistant secretaries; and American Republic Affairs, under the general oversight of another assistant secretary. Within each of these four offices is a varying number of "divisions" responsible for particular countries, for several adjacent countries, or (in the case of the Division of British Commonwealth Affairs) for a system of states. At the heart of the scheme is the ideal of what is still significantly called the "country desk"—the focus at the working level of the department for matters that affect a particular country. Note the dilemma which

<sup>33</sup> R. K. Gooch: *Regionalism in France*. New York: The Century Company, 1931. The University of Virginia Institute for Research in the Social Sciences. Monograph No. 12.

<sup>34</sup> Arthur W. Macmahon: "Function and Area in the Administration of International Affairs." *New Horizons In Public Administration*. Selected from pp. 119, 121-24, 126, 128-29, 132-36. Reprinted by permission of University of Alabama Press. Copyright, 1945, University of Alabama Press.

in an imperial world attends the attempt to organize regional groups of country desks for the handling of the flow of diplomatic and other business. The Office of European Affairs has jurisdiction over the Far Eastern and Pacific possessions of European nations qualified by the direction that such primary jurisdiction be exercised jointly with the Far Eastern Office. Even with shared jurisdictions and the will to collaborate it may matter which unit first receives papers for action thereby gaining almost automatically the opportunity to initiate a decision.

But the main impact comes from the functional side. In the Department of State as in other foreign offices a growing number of units deal on a world wide basis with particular subjects or processes mainly economic on the one hand and informational on the other. The growth of the economic staff was evident in the fact that at the beginning of 1945 there were three economic offices (Financial and Development Policy, International Trade Policy and Transportation and Communications) with thirteen divisions and about five hundred persons on the rolls. The last figure may be contrasted with slightly over two hundred persons in the four geographical offices. Within the year 1944 the quickening recognition of information as an aspect of foreign affairs was signaled first by the creation of an office (Public Affairs) that included divisions on cultural exchange, international information and public liaison and second by assignment of an assistant secretary to this complex of activities. It is useful to note the tendency of the latter to subdivide internally on an areal basis. Thus the division that administers cultural relations was reshaped geographically in 1944. Within the economic divisions there was subordinate recognition of regional factors in handling commercial policy, monetary and investment matters and labor relations.

Thus far the discussion has dealt with the interplay of area and function at headquarters. It is timely to pass to conditions in the field. The Department of Commerce had developed a system of foreign agents under appropriation items dating back to 1905. The scheme was formalized by the act of March 3, 1927. The Commerce and Foreign Service was established thereby in the Bureau of Foreign and Domestic Commerce consisting of officers to be graded in the following order and to be known as commercial attaches, assistant commercial attaches, trade commissioners and assistant trade commissioners. Future selections were to be made by examination held by the department and Civil Service Commission in coordination. The salary range was to be roughly comparable to that in the Foreign Service. Analogous recognition was given to agricultural reporting by a companion measure approved June 5, 1930. The pressure for specialized staffing abroad has been reflected in the overseas personnel of agencies other than the State Department. An estimate in the summer of 1944 indicated that nearly ninety per cent of the increase had been outside the Foreign Service. Nearly fifty agencies had representatives abroad. The Office of War Information was credited with slightly above one thousand and the Foreign Economic Administration (including the United States Com

mercial Company, its trading arm) with nearly that number; the Shipping Administration and the Coordinator of Inter-American Affairs, with about 300 each; the Office of Censorship, with 61. Among the government corporations, the Reconstruction Finance Corporation proper was represented abroad by 25 agents; the Defense Supplies Corporation by 137; and the Rubber Reserve Company by 134. The Department of Agriculture had 105; the Federal Communications Commission, 24; the Civil Aeronautics Administration, 21.

Two avenues of development are open in the future. One method would permit various federal agencies to project themselves abroad but would strive for union at each foreign capital under the hegemony of the diplomatic establishment. The other method would seek to absorb the increasing functional pressures within an enlarged Foreign Service.

Wartime experience has been suggestive as to arrangements. Illustrative are the terms of the "agreement between the Department of State and the Foreign Economic Administration concerning economic programs abroad" signed by the two agencies in November, 1943. On the ticklish question of communications, it was said that "all FEA cables will be transmitted through State Department cable facilities unless otherwise determined, e.g., as in the case of military operation." Copies of all communications to and from FEA were to be given to the State Department and its principal field representative.

In the practical conduct of business with other governments the agreement sought to preserve the paramount position of the Foreign Service, while permitting ancillary operating contacts. "In a country or area for which he is responsible," it was stated, "the principal State Department representative will initiate with foreign governments general economic negotiations pertaining to operations of the FEA only after prior consultation with the latter's chief representative, who will be taken into the negotiations." After the conclusion of general negotiations resulting in master or country agreements for the development or procurement of commodities, for example, it was promised that the FEA representative would have wide latitude to conduct negotiations "for the purpose of implementing such general agreements or programs," including all negotiations with private firms or individuals. The State Department representative would have the privilege of accompanying him. In the case of disagreement in the field, each representative might communicate with his home agency, preferably in a consolidated document as the basis for consultation in Washington.

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Both geographical and functional subdivisions are essential in an organization of this kind. Little doubt exists that at the headquarters, either central or field, they should parallel one another directly under the department head. The main question is, which subdivision should predominate, especially at the operating levels? The priority of geographical considerations in the individual embassies or legations

is more necessary than the assignments of such a high priority to the 'country desks' in the State Department headquarters, since in Washington an integrated functional policy on a world wide basis is as essential as a consistent "political" policy toward the individual nations. This interchange in emphasis between area and function is, as Macmahon pointed out, a constant and universal problem of organization and the degree to which the consequent dilemmas are resolved and conflicts minimized is a prime test of organizational success" <sup>25</sup>

## 12. DEMOCRACY AND DEVOLUTION

A theory of centralization and decentralization in America has been presented by David E. Lilienthal, who has had extensive experience with regionalism and decentralization as a device for public management in a democracy <sup>26</sup>

DAVID E. LILIENTHAL

T.V.A.—Democracy on the March <sup>27</sup>

Centralization is no mere technical matter of 'management, of 'bigness versus smallness. We are dealing here with those deep urgencies of the human spirit which are embodied in the faith we call 'democracy'. It is precisely here that modern life puts America to one of its most severe tests.

Overcentralization is of course, no unique characteristic of our own national government. It is the tendency all over the world in business as well as government. Centralization of power at our national capital is largely the result of efforts to protect citizens from the evils of overcentralization in the industrial and commercial life of the country—a tendency that has been going on for generations. Chain stores have supplanted the corner grocery and the village drug store. In banks and theaters, hotels, and systems of power supply—in every activity of business—local controls have almost disappeared. To be sure, business centralization has brought advantages in lower unit costs and improved services. The paying of the price came later when towns and villages began to take stock. The profits of local commerce had been siphoned off, local enterprise was stifled, and

<sup>25</sup> Macmahon, *Function and Area*, p. 119.

<sup>26</sup> Josephus Daniels, *Breakfast with a Democrat*, *Saturday Review of Literature*, April 23, 1938, pp. 6-8. "David E. Lilienthal," *Current Biography*, June 1944, pp. 413-15. United States Senate Joint Committee on Atomic Energy, *Hearings*, 1947, 80th Cong., 1st Sess.

<sup>27</sup> David E. Lilienthal, *T.V.A.—Democracy on the March*, Selected from pp. 139-42, 147-48, 150. Reprinted by permission of Harper & Brothers. Copyright, 1944, Harper & Brothers.

moribund communities awoke to some of the ultimate penalties of remote control. When a major depression struck in 1929, business centralization made us more vulnerable than ever before to the disruption that ensued. Power had gone to the center, decisions were made far from the people whose lives would be affected. Cities and states were powerless to meet the evils that were bred; the federal government had to act. The tendency to centralization in government was quickened.

It was ironic that centralized businesses should become, as they did, eloquent advocates of the merits of decentralization in government. From their central headquarters they began to issue statements and brochures. And a wondrous state of confusion arose in the minds of men: they ate food bought at a store that had its replica in almost every town from coast to coast; they took their ease in standard chairs; they wore suits of identical weave and pattern and shoes identical with those worn all over the country. In the midst of this uniformity they all listened on the radio to the same program at the same time, a program that bewailed the evils "regimentation," or they read an indignant editorial in their local evening papers (identical with an editorial that same day in a dozen other newspapers of the same chain) urging them to vote for a candidate who said he would bring an end to centralization in government.

I am not one who is attracted by that appealing combination of big business and little government. I believe that the federal government must have large grants of power progressively to deal with problems that are national in their consequences and remedy, problems too broad to be handled by local political units. I am convinced, as surely most realistic men must be, that in the future further responsibilities will have to be assumed by the central government to deal with national issues which centralized business inevitably creates. The war has advanced this trend. The people have a right to demand that their federal government provide them an opportunity to share in the benefits of advances in science and research, the right to demand protection from economic abuses beyond the power of their local political units to control. But they have the further right to insist that the methods of administration used to carry out the very laws enacted for their individual welfare will not atrophy the human resources of their democracy.

In the case of TVA, Congress did enact a statute which permitted a decentralized administration. Had not Congress created that opportunity, the TVA could not have developed its administration at the grass roots. An area of manageable proportions—the watershed of a river as its base—was the unit of administration. Decisions could be made and responsibility taken at a point that was close to the problems themselves. That is the test of decentralization. It is not decentralization to open regional offices or branches in each state, if decisions have to be made in Washington and the officers in the field prove to be merely errand boys. Neither is it decentralization when bureaus or departments are moved out of crowded Washington. It may be necessary and entirely wise—but

it is not decentralization. You do not get decentralization as we know it in the TVA unless you meet two tests.

First, do the men in the field have the power of decision?

Second, are the people, their private and their local public institutions, actively participating in the enterprise?

Remote control from Washington [is] not greatly to be preferred to remote control from a holding company office in New York.

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Within both the Tennessee Valley Authority and the Atomic Energy Commission, Lilienthal has attempted to practice what he has preached. He has constantly emphasized devolution of responsibility and decentralization of power to "area managers" of TVA and "managers of the offices of directed operations" of the AEC, to avoid making these officials merely office boys with imposing titles."¹¹

SUMMARY

The ancient Greek democracy was founded on the assumption that a single nation could be welded out of as many men as could hear the sound of one voice. Plato's ideal state contained 5040 citizens, since that was the number who could be addressed in the Agora, the market place assembly of the Greek city state. As Lyman Bryson has pointed out, however, "a change from the Agora at Athens to a microphone in a broadcast network in America is just such a change of scale as makes a difference in character."¹²

These transitions of political geography have produced some harsh experiences. In 1798 Winthrop Sargeant, the governor of Mississippi Territory, complained at Natchez of "the very Melancholy consideration, that my Public and private communication with the Atlantic States is so extreme difficult and tedious."¹³ One hundred and fifty years later the speed of communications had increased so drastically that, far from concerning itself with a domestic outpost on the Mississippi River, the Federal government was inclined to restrict itself to the most essential duties of conducting its overseas commitments and controlling its domestic economy. Faced with national and international problems of unprecedented proportions, the nation might be able to shake off responsibility for details of local, state, and regional affairs, but it could not divest itself of the duty of

¹¹ Lilienthal, *TVA—Democracy on the March*, p. 150.

¹² Lyman Bryson, "Technology and Freedom," *Wellsprings of the American Spirit*, edited by F. Ernest Johnson, New York and London: Harper and Brothers, 1948, p. 167.

¹³ Mississippi Territorial Archives, vol. 1, p. 117. Quoted by White, *The Federalists*, p. 373.

providing a system for proper conduct and devolution of these affairs. By mid-century, the nation had experimented with direct service to urban and rural communities, but seemed to lean rather toward administration within a framework of Federal-state relations and Federal grants-in-aid to states. Federal administrative areas also had a successful growth during this period. Contrary to expectations, the regional type of Federal authority stimulated rather than curtailed state administration. If there are any casualties of the regional experiment, they are not the states, but the regional authority's sister departments in Washington. The forces of Federal departmentalization threatened to stop the development of regional authorities outside of the TVA, dramatically pointing up this problem.

It is a technological discovery like atomic energy, as well as a governmental invention like the regional authority based on hydro-electrical power, that is likely to have the most dispersive effects on the nation's administrative map. Devolution and decentralization are equally urgent for American corporate organization and for Soviet economic organization. The reconciliation of area and function and the balance between centralization and decentralization constitutes a continuing challenge to, and a major test of, effective organization.

CHAPTER THIRTEEN

THE PROCESS OF REORGANIZATION

THE STRUCTURE of modern institutions is constantly in flux, and the precepts of reorganization are therefore as important as the so-called principles of organization. Within an administrative organization, departmental reorganization can consist of a drastic overhauling of structure or a number of mild adjustments. In any case, anomalies of organization are likely to appear in the best regulated institutions and to require constant readjustment or reorganization.

By some curiosity of public administration, for example, the bear population of Alaska was at one time supervised in accordance with the following assignment: the brown bear, regarded as a game animal, was under the Department of Agriculture, the black bear, considered a fur-bearing animal, was under the Department of Commerce, and the white polar bear, although ignored by the law as *res nullus* of the brown family, was claimed by the Department of the Interior. But the black bear cub is, by nature, brown in color, and on one occasion a customs officer, representing the Department of Treasury, was embarrassed by the conflicting claims of the Department of Agriculture, and the Department of Commerce. This problem was not as difficult as that of supervising local street sweeping in England. Although the Ministry of Health is responsible for passing by-laws on the subject, it was discovered on one occasion that 'paper and banana skins, in the sometimes strange allocation of duties, are for the Home Office' ¹

¹ I. G. Gibbon, 'The Ministry of Health', *Public Administration*, July 1926, vol. 4, p. 247.

Marginal subjects between one agency and another will always exist, as will borderline cases between one area and another. Are there, however, some standards or guides which can be universally followed in grouping or regrouping functions or in organizing and reorganizing an administrative structure?

1. ALTERNATIVE BASES FOR ORGANIZATION AND REORGANIZATION

Whether such standards ever appear, we have, nevertheless, certain basic organizational factors from which a selection can be made to guide the process of reorganization. Luther Gulick has presented these factors as follows.

LUTHER GULICK

"Notes on the Theory of Organization"²

In building the organization from the bottom up we are confronted by the task of analyzing everything that has to be done and determining in what grouping it can be placed without violating the principle of homogeneity. This is not a simple matter, either practically or theoretically. It will be found that each worker in each position must be characterized by:

1. The major purpose he is serving, such as furnishing water, controlling crime, or conducting education;
2. The process he is using, such as engineering, medicine, carpentry, stenography, statistics, accounting;
3. The persons or things dealt with or served, such as immigrants, veterans, Indians, forests, mines, parks, orphans, farmers, automobiles, or the poor;
4. The place where he renders his service, such as Hawaii, Boston, Washington, the Dust Bowl, Alabama, or Central High School.

Where two men are doing exactly the same work in the same way for the same people at the same place, then the specifications of their jobs will be the same under 1, 2, 3, and 4. All such workers may be easily combined in a single aggregate and supervised together. Their work is homogeneous. But when any of the four items differ, then there must be a selection among the items to determine which shall be given precedence in determining what is and what is not homogeneous and therefore combinable.

² Luther Gulick: "Notes on the Theory of Organization." *Papers on the Science of Administration*. Selected from pp. 15, 31-32. Reprinted by permission of The Institute of Public Administration, Columbia University. Copyright, 1937, Institute of Public Administration, Columbia University.

A few illustrations may serve to point the problem. Within the City of New York, what shall be done with the doctor who spends all of his time in the public schools examining and attending to children in the Bronx? Shall we (1) say that he is primarily working for the school system, and therefore place him under the department of education? (2) say that he is a medical man, and that we will have all physicians in the department of health? (3) say that he is working with children, and that he should therefore be in a youth administration? or (4) say that he is working in the Bronx and must therefore be attached to the Bronx borough president's office? Whichever answer we give will ignore one or the other of the four elements characterizing his work.

Students of administration have long sought a single principle of effective departmentalization just as alchemists sought the philosophers' stone. But they have sought in vain. There is apparently no one most effective system of departmentalism. Each of the four basic systems of organization is intimately related with the other three, because in any enterprise all four elements are present in the doing of the work and are embodied in every individual workman. Each member of the enterprise is working for some major purpose, uses some process, deals with some persons, and serves or works at some place.

If an organization is erected about any one of these four characteristics of work, it becomes immediately necessary to recognize the other characteristics in constructing the secondary and tertiary divisions of the work. For example, a government which is first divided on the basis of place will, in each geographical department, find it necessary to divide by purpose, by process, by clientele, or even again by place, and one divided in the first instance by purpose, may well be divided next by process and then by place. While the first or primary division of any enterprise is of very great significance, it must none the less be said that there is no one most effective pattern for determining the priority and order for the introduction of these interdependent principles. It will depend in any case upon the results which are desired at a given time and place.

An organization is a living and dynamic entity. Each activity is born, has its periods of experimental development, of vigorous and stable activity, and, in some cases, of decline. A principle of organization appropriate at one stage may not be appropriate at all during a succeeding stage. In any government various parts of its work will always stand at different stages of their life cycle. It will therefore be found that not all of the activities of any government may be appropriately departmentalized neatly on the basis of a single universal plan. Time is an essential element in the formula.

Another variable is technological development. The invention of machines, the advance of applied science, the rise of new specializations and professions, changes in society and in the way men work and move in their private life must be continually reflected in the work of govern-

ment, and therefore in the structure of government. Before you organize a statistical division there must be statistical machinery and statistical science, but as soon as there are such machinery and science, any large organization which fails to recognize the fact in its organization may greatly lessen its utilization of the newly available tools and skills.

A further variable influencing the structure of any enterprise is its size, measured not so much by the amount of work done as by the number of men at work and their geographical dispersion. A drug store is an excellent illustration of the problem encountered. It must have a prescription department with a licensed pharmacist, no matter how small it is, because of the technological requirements involved. But it does not need to have a separate medicine and supply department, refreshment department, book department, toy department, sporting goods department, cigar department, and delivery department, each with a trained manager, buyer and sales force, unless it is a big store. In the small store, the pharmacist may even be the manager, the soda jerker, and the book dispenser. If the business is big enough, it may be desirable to have more than one store in order to reach the customers, thus introducing geographical subdivision. Similarly, in government the nature of the organization must be adapted not only to the technological requirements but also to the size of the undertaking and the dispersion of its work.

Gulick's factors of purpose, process, person, and place, have been employed with varying degrees of emphasis by earlier experts who have written on organization.³ Even Aristotle inquired in his *Politics*: "Should one person keep order in the market and another in some other place, or should the same person be responsible everywhere? Again, should the offices be divided according to the subjects with which they deal, or according to the persons with whom they deal: I mean to say, should one person see to good order in general, or one look after boys and another after women, and so on?"⁴ Attempts have been made in modern administration to arrive at a more basic formulation of the principles of reorganization.⁵ Little has been added, however, beyond Gulick's conclusion that there are alternative factors on which to base an organization, that one has to make a "unifunctional" choice among them, and then adapt the rest of the organization to that factor.⁶

³ Thomas R. Jones: "Theories and Types of Organization." *Training Manual Workers*. American Management Association; 1928, pp. 8-9. Holden, Fish, and Smith: *Top-Management Organization and Control*, p. 30. Somervell: "Management," pp. 257-58.

⁴ Aristotle: *Politics*, Book IV, Chapter 15. McKeon: *Works of Aristotle*, p. 1229.

⁵ C. E. Knoopel, "How to Organize for Graphic Control." *Industrial Management*, November 1918, vol. 56, p. 383. Herbert A. Simon: "The Proverbs of Administration." *Public Administration Review*, Winter 1946, vol. 6, pp. 53-67. See also Chapter 8.

⁶ See also Miriam E. Oatman and William H. Gilbert: "Federal Field Offices." 78th Cong. 1st Sess., 1943, Senate Document No. 22, pp. 1-2

The main task is to choose a major factor that is intrinsic to the main objective of the organization and then to see that the unfunctional choice is carried out as consistently as possible. In 1935 Secretary of Agriculture Henry A. Wallace appealed to the test of growing things in defending the assignment of functions to the Department of Agriculture. But Secretary of the Interior Harold L. Ickes sardonically asked whether roads grow thus questioning the continuance of the Bureau of Public Roads in the Department of Agriculture an assignment which until the establishment of a separate works agency or department, had been a contentious question of Federal reorganization.⁷

2 BRITISH DEPARTMENTAL REORGANIZATION

British experience reveals both a desire for a logical and unfunctional structure and a persistence of organizational anomalies arising out of tradition. Two case reports will reveal these opposite tendencies (a) the reorganization of Queen Victoria's household and (b) the reorganization proposals of the Ministry of Reconstruction as contained in the so-called Haldane Report following World War I.

(a) LYTTON STRACHEY

Queen Victoria⁸

The control of the [royal] household it appeared was divided in the strangest manner between a number of authorities each independent of the other each possessed of vague and fluctuating powers without responsibility and without co-ordination. Of these authorities the most prominent were the Lord Steward and the Lord Chamberlain—noblemen of high rank and political importance who changed office with every administration who did not reside with the Court and had no effective representatives attached to it. The distribution of their respective functions was uncertain and peculiar. In Buckingham Palace it was believed that the Lord Chamberlain had charge of the whole of the rooms with the exception of the kitchen sculleries and pantries which were claimed by the Lord Steward. At the same time, the outside of the Palace was under the control of neither of these functionaries—but of the Office of Woods and Forests and thus while the insides of the windows were cleaned by

⁷ House of Representatives Committee on Expenditures in the Executive Department. Change of Name of the Department of the Interior to Department of Conservation and Works. 74th Cong. 1st Sess. 1935 pp. 40-83. Joint Committee on Reorganization. Reorganization of Executive Departments. 68th Cong. 1st Sess. 1924.

⁸ Lytton Strachey. *Queen Victoria*. Selected from pp. 181-87. Reprinted by permission of Harcourt Brace and Company. Copyright 1921 Harcourt Brace and Company.

the Department of the Lord Chamberlain—or possibly, in certain cases, of the Lord Steward—the Office of Woods and Forests cleaned their out-sides. Of the servants, the housekeepers, the pages, and the housemaids were under the authority of the Lord Chamberlain; the clerk of the kitchen, the cooks, and porters were under that of the Lord Steward; but the footmen, the livery-porters, and the under-butlers took their orders from yet another official—the Master of the Horse.

Naturally, in these circumstances the service was extremely defective and the lack of discipline among the servants disgraceful. They absented themselves for as long as they pleased and whenever the fancy took them; “and if,” as the Baron put it, “smoking, drinking, and other irregularities occur in the dormitories, where footmen, etc., sleep ten and twelve in each room, no one can help it.” As for Her Majesty’s guests, there was nobody to show them to their rooms, and they were often left, having utterly lost their way in the complicated passages, to wander helpless by the hour. The strange divisions of authority extended not only to persons but to things. The Queen observed that there was never a fire in the dining-room. She enquired why. The answer was, “the Lord Steward lays the fire, and the Lord Chamberlain lights it”; the underlings of those two great noblemen having failed to come to an accommodation, there was no help for it—the Queen must eat in the cold.

A surprising incident opened everyone’s eyes to the confusion and negligence that reigned in the Palace. A fortnight after the birth of the Princess Royal the nurse heard a suspicious noise in the room next to the Queen’s bedroom. She called to one of the pages, who, looking under a large sofa, perceived there a crouching figure “with a most repulsive appearance.” It was “the boy Jones.” This enigmatical personage, whose escapades dominated the newspapers for several ensuing months, and whose motives and character remained to the end ambiguous, was an undersized lad of 17, the son of a tailor, who had apparently gained admittance to the Palace by climbing over the garden wall and walking in through an open window. Two years before he had paid a similar visit in the guise of a chimney-sweep. He now declared that he had spent three days in the Palace, hiding under various beds, that he had “helped himself to soup and other eatables,” and that he had “sat upon the throne, seen the Queen, and heard the Princess Royal squall.” Every detail of the strange affair was eagerly canvassed. *The Times* reported that the boy Jones had “from his infancy been fond of reading,” but that “his countenance is exceedingly sullen.” It added: “The sofa under which the boy Jones was discovered, we understand, is one of the most costly and magnificent material and workmanship, and ordered expressly for the accommodation of the royal and illustrious visitors who call to pay their respects to Her Majesty.” The culprit was sent for three months to the “House of Correction.” When he emerged, he immediately returned to Buckingham Palace. He was discovered, and sent back to the “House of Correction” for another three months, after which he was offered four pounds a week

by a music hall to appear upon the stage. He refused this offer, and shortly afterwards was found by the police loitering round Buckingham Palace. The authorities acted vigorously, and, without any trial or process of law, shipped the boy Jones off to sea. A year later his ship put into Portsmouth to refit, and he at once disembarked and walked to London. He was re-arrested before he reached the Palace, and sent back to his ship, the *Warspite*. On this occasion it was noticed that he had "much improved in personal appearance and grown quite corpulent", and so the boy Jones passed out of history, though we catch one last glimpse of him in 1844 falling overboard in the night between Tunis and Algiers. He was fished up again, but it was conjectured—as one of the *Warspite's* officers explained in a letter to *The Times*—that his fall had not been accidental, but that he had deliberately jumped into the Mediterranean in order to see the life-buoy light burning. Of a boy with such a record, what else could be supposed?

After much laborious investigation, and a stiff struggle with the multitude of vested interests which had been brought into being by long years of neglect, Prince Albert succeeded in effecting a complete reform. The various conflicting authorities were induced to resign their powers into the hands of a single official, the Master of the Household, who became responsible for the entire management of the royal palaces.

(b) United Kingdom Report of the Machinery of Government Committee⁹

Upon what principle are the functions of Departments to be determined and allocated? There appear to be only two alternatives, which may be briefly described as distribution according to the persons or classes to be dealt with, and distribution according to the services to be performed. Under the former method each Minister who presides over a Department would be responsible to Parliament for those activities of the Government which affect the sectional interests of particular classes of persons and there might be, for example, a Ministry for Paupers, a Ministry for Children, a Ministry for Insured Persons, or a Ministry for the Unemployed. Now the inevitable outcome of this method of organisation is a tendency to Lilliputian administration. It is impossible that the specialised service which each Department has to render to the community can be of as high a standard when its work is at the same time limited to a particular class of persons and extended to every variety of provision for them, as when the Department concentrates itself on the provision of one particular service only, by whomsoever required, and looks beyond the interests of comparatively small classes. We are satisfied that the present existence of Departments designed to minister to par-

⁹ United Kingdom Report of the Machinery of Government Committee' Ministry of Reconstruction 1918, Cd 9230 selected from pp 4 7-9 16

particular classes of persons greatly increases the complexity of such problems by introducing cross-divisions into the main division by services which ought to prevail. We think that if the functions of Departments could be distributed among Ministries organized mainly on the other principle it would be easier to determine the allocation to its appropriate Department of any particular function.

We suggest that, if this were done, all decisions to concentrate functions in particular Departments should, subject to the main principle of allocation by services, be governed by the extent to which particular functions conduce to the primary end of that Department's administration. This distinction between dominant and subordinate interests in a given piece of work cannot be absolute or irrevocable. It must be drawn for practical purposes, and the decisions which follow from it will rightly be reversed if in process of time a subordinate interest becomes, even temporarily, a dominant one.

If the principle which we have suggested be accepted, the business of Government would fall into one or other of the following main divisions:—

- I.—Finance.
- II. and III.—National Defence and External Affairs.
- IV.—Research and Information.
- V.—Production (including Agriculture, Forestry, and Fisheries), Transport, and Commerce.
- VI.—Employment.
- VII.—Supplies.
- VIII.—Education.
- IX.—Health.
- X.—Justice.

It does not necessarily follow that there would be only one Minister for each of these branches. Some of them would undoubtedly require more than one.

It will be noticed that in certain cases the two principles of distribution which we have contrasted, namely, that of allocation according to the class of persons dealt with, and that of allocation according to the nature of the service rendered to the community, may lead to an identical concentration of functions. Thus, the great service of National Defence, which (whether given to one, or to two or to three Ministries) is essentially distinct from the function of the other Ministries, is also marked off by dealing, principally and specifically, with the large number of persons employed by the Government in all the various branches of the naval, military, and air services. In like manner, if the railways and canals should be nationalised, it would be necessary to make the administration of this great service of National Transport a separate Department, whether we had regard to the nature of the service thus rendered to the community, or to the dealings with so extensive a staff as would have to be employed.

We may conclude that where any great enterprise is nationalised—in the sense of being carried out, in the main, by persons in direct Government employment—as is the case with regard to National Defence and the Postal and Telegraph service and as may possibly be the case with regard to railways and the coal supply, such an administration must form the sphere of a separate Ministry or Ministries

The anticipations of the Haldane Report were realized thirty years later when, following World War II, the British established such government corporations as the National Coal Board, British Transport Board, British Overseas Airways Corporation, British Electricity Authority, and Central Land Board. Most of the new ministries or departments created in the decade after the beginning of World War II were concerned mainly with the ministerial direction of these public corporations. These new ministries included, besides the already established Ministry of Transport, the Ministries of Fuel and Power, Civil Aviation, Supply, and Town and Country Planning.¹⁰ This program represented an integrated approach, but the anomalies of British departmental organization continued especially in non-nationalized functions. Thus, British housing, while principally under the control of the Ministry of Health, which traditionally supervised local government affairs, was also under the direct influence of the newer Ministries of Town and Country Planning, Works, and Supply.¹¹ The situation was somewhat similar to that after World War I, when both the British Admiralty and the War Office were determined to control the administration of pensions for their respective veterans. The problem was thought to be solved when an independent Ministry of Pensions was established, but conflicting claims were then put forward by the Ministry of Labor, which was responsible for the employment of veterans, and by the Board of Education, which was concerned with their retraining.

The structure of British ministries after World War II in no way resembled the integrated ten-fold classification recommended after World War I. The possibility might have been to regroup the ministries under the ten categories of the Haldane Report, but without a genuine reallocation and consolidation of functions under fewer cabinet members with superior authority over ministries or sub-ministries, this procedure would constitute no more effective reorganization than the more crystallized proposal made by Leon Blum

¹⁰ William A. Robson, "The Administration of Nationalized Industries in Britain," *Public Administration Review*, Summer 1947, vol. 7, p. 161-69.

¹¹ Parliament and Whitehall, *Labor and Industry in Britain*, February 1946, vol. 4, pp. 30-32.

for France after World War I: Military Affairs, Diplomatic Affairs, Economic Affairs, Political Affairs.¹²

The likelihood was not apparent that after World War II a "Boy Jones" incident would result in the reorganization of the vaster British government as it did in the reconstruction of Queen Victoria's household. Nevertheless, the price of success of British nationalization may be a drastic structural rationalization, no matter how unsuited to British tradition.

3. AMERICAN DEPARTMENTAL REORGANIZATION

Somewhat more rational in form, American departmental organization has suffered from a similar resistance to reorganization. Even the academicians, who are generally eager concerning structural rationalization, have been skeptical about the actual accomplishments of reorganization, especially at the state level of government.¹³ At the Federal level, there was a series of reorganization plans and surveys extending over a period of two generations and culminating in (a) President Roosevelt's Committee on Administrative Management in the late 1930's, and (b) the Hoover Commission on the Organization of the Executive Branch of Government in the late 1940's.

(a) THE PRESIDENT'S COMMITTEE ON ADMINISTRATIVE MANAGEMENT

"A Plan for Reorganization"¹⁴

Any large industrial or commercial enterprise with plants, stores, or services scattered over a continent would, for the sake of good management, organize the business on the basis of the separate services, plants, or areas. Each one of these divisions would then have a manager, and there would be over all a president or general manager who would direct the whole enterprise, working through 8 to 10 executive assistants

¹² Leon Blum: *La Réforme Gouvernementale*. Paris: Grasset; 1918, Chapter 6.

¹³ F. W. Coker: "Dogmas of Administrative Reform." *American Political Science Review*, August 1922, vol. 16, pp. 399-411. W. H. Edwards: "The State Reorganization Movement." *Dakota Law Review*, January 1927, vol. 1, pp. 13-30; April 1927, vol. 1, pp. 15-41; February 1928, vol. 2, pp. 17-67; May 1928, vol. 2, pp. 103-39. C. S. Hyneman: "Administrative Reorganization: An Adventure into Science and Theology." *Journal of Politics*, February 1939, vol. 1, pp. 62-75.

¹⁴ The President's Committee on Administrative Management: "A Plan for Reorganization." *Administrative Management in the Government of the United States*. 1937; pp. 33-34.

in accordance with the policies determined by the stockholders and the board of directors. This is in general what we propose for the Government of the United States, making allowance for the differences in method and purpose of the Government as a servant of the Nation.

No man can manage, coordinate, or control more than 100 separate agencies particularly when in some of them responsibility to the Chief Executive is not definitely placed. The number of immediate subordinates with whom an executive can deal effectively is limited. Just as the hand can cover but a few keys on the piano so there is for management a limited span of control. In the Army this has been said to be 3 subordinates, in business it has frequently been set at 5 or 6, and some students of government have placed the limit at 10 or 12. Obviously the number is not the same for all work or for all men nor can it be determined mathematically. But one thing is clear. It should be the smallest possible number without bringing together in any department activities which are unrelated or in conflict with each other.

It is thus necessary to determine what are the new major fields of activity of the National Government and to make a place for them. These are disclosed in the multitude of new agencies and laws of the past 25 years. As we view them they seem to fall in five great categories. Public Welfare, public works, public lending, conservation, and business controls. These are the great thrusts which have come to the surface in the last generation, not only in this country, but in all countries, though in different ways. Certain phases of these activities may not be permanent, but the major purposes are apparently here to stay, and deserve appropriate departmental homes.

An examination of the existing executive departments shows that there is no adequate place in the present structure for two of these new developments. Public welfare and public works. We therefore recommend that new departments be set up by law to cover these two fields, and that there be assigned to these departments by the President not only the appropriate new activities in these fields but also the old activities closely related thereto. The remainder of the new activities, which have to do with lending, regulating, and conservation, may be assigned to existing departments without altering their fundamental purposes.

In the case of conservation however, it would seem desirable to establish a Department of Conservation, which would take over most of the activities of the present Department of Interior. The name 'conservation' should be among the departmental titles because it represents a major purpose of our Government today. We therefore recommend that the name of the Department of Interior be changed to Department of Conservation. In accordance with these recommendations the operating divisions of the Executive Branch of the Federal Government would be as follows: Department of State, Treasury, War, Justice, Post Office, Navy, Conservation, Agriculture, Commerce, Labor, Social Welfare, and Public Works.

(b) Report of the Commission on Organization of the Executive Branch of the Government¹⁵

As a result of depression, war, new needs for defense, and our greater responsibilities in the foreign field, the Federal Government has become the most gigantic business on earth. In less than 20 years the number of its civil employees has risen from 570,000 to over 2,100,000. The number of bureaus, sections, services, and units has increased fourfold to over 1,800. Annual expenditures have increased from about \$3,600,000,000 to over \$42,000,000,000. The national debt per average family has increased from about \$500 to about \$7,500. Such rapid growth could not take place without causing serious problems. Organizational methods, effective 20 years ago, are no longer applicable.

At the present time there are 65 departments, administrations, agencies, boards, and commissions engaged in executive work, all of which report directly to the President—if they report to anyone. This number does not include the “independent” regulatory agencies in their quasi-judicial or quasi-legislative functions. It is manifestly impossible for the President to give adequate supervision to so many agencies. Even one hour a week devoted to each of them would require a 65-hour work week for the President, to say nothing of the time he must devote to his great duties in developing and directing major policies as his constitutional obligations require. Therefore, we recommend that these various agencies be consolidated into about one-third of the present number.

With the complicated activities of the Federal Government, it is not possible to arrive at perfection in carrying out these principles. An agency may of necessity have work related to that of other agencies not in the same group. The determination of the major group in which such an agency shall be included becomes a matter of over-all judgment. The Commission recommends that such authority should be given to the President and that the power of the President to prepare and transmit plans of reorganization to the Congress should not be restricted by limitations or exemptions. Some of the recommendations contained in the volumes of our report, which we plan to file from time to time between now and the expiration of the life of the Commission, can be put into effect only by legislation. Others can be accomplished by executive action. But many of the most important can probably be accomplished only if the Congress reenacts and broadens the power to initiate reorganization plans which it had previously granted to the President under an act which expired on March 31, 1948.



The Federal executive structure thus seemed well on its way to reducing the burden on the President's “span of control” from one

¹⁵ “General Management of the Executive Branch.” A Report to Congress by the Commission on Organization of the Executive Branch of the Government, February 1949. Adapted from pp. viii-x, 35-6.

hundred independent departments agencies, and commissions in 1937, or sixty five in 1949, to a more manageable number. Moreover, the long advocated integrated defense agency and independent agencies for public welfare and public works seemed finally to be emerging.¹⁶ There were no signs that the dream of limiting the Chief Executive's span of attention to as few as ten subordinate departments would be realized, nor was there complete agreement as to which of the individual bureaus to subject to thoroughgoing integration under the department and which to subject merely to a form of holding company departmental control.¹⁷

A major difficulty in national reorganization is the entrenched position of the individual bureaus some of which are older than their own departments and are charged with vital Federal functions which override considerations of departmental organization. Bureau heads responsible for such functions build up a 'clientele' among the public they serve and among Congressmen representing districts and constituents interested in the independence of such functions from departmental domination.

Perhaps the principal issue of Federal reorganization is the question of who should be given the power to carry out the process of reorganization. The system evolved in the late 1930's, after the President's Committee on Administrative Management had reported provided for a congressional veto over presidential reorganization orders. But such congressional intervention was regarded as a barrier to an effective reorganization program.¹⁸ Even before he became President, Herbert Hoover had insisted that while Congress should lay down the departments on the basis of 'major functions,' presidential initiative was essential in the allocation or reallocation of bureaus and in the detailed follow up required to make any reorganization effective.¹⁹

Personalities and personal interest, too, play a decisive part and indeed, an essential role in the supposedly objective process of reorganization. William H. Holmes of the United States Geological

¹⁶ See Chapter 9. An early reorganization proposal incorporating the idea for a Secretary of Public Welfare was contained in C. E. McGuire, 'A Program of Administrative Reform at Washington' *The Harvard Graduate Magazine* June 1920 vol. 28 p. 578.

¹⁷ Schuyler C. Wallace, *Federal Departmentalization* New York: Columbia University Press, 1941, Chapter 4. Arnold Brecht and Comstock Glaser, *The Art and Technique of Administration in German Ministries* Cambridge: Harvard University Press, 1946, Chapter 2. John D. Millelt, 'Departmental Management in Practice', Commission on Organization of the Executive Branch of Government, Appendix E, *Departmental Management*, January 1949, p. 27 et seq.

¹⁸ Ferrel Heady, 'A New Approach to Federal Executive Reorganization', *American Political Science Review* December 1947 vol. 41 pp. 1118-26.

¹⁹ Joint Committee on Reorganization, *Reorganization of Executive Departments*, 1924 p. 350.

Survey, disappointed in not becoming the head of that agency, intensified his services to his special clientele, the mining interests and miners, and joined them on the "Hill" in securing the necessary legislation to establish the Bureau of Mines. Harry M. Daugherty, in his capacity as a prison adviser before he became Attorney General, advocated that the administration of prisons be established in a national welfare department and removed from the Department of Justice. As Attorney General, however, he was "indoctrinated" by his bureau heads and changed his mind. As a consequence of intra-organizational politics of this kind, Herbert Hoover testified before the Joint Congressional Committee on Reorganization in 1924: "Cabinet heads necessarily take color from their subordinates . . . If you want to reorganize you've got to hand down from on high." ²⁰

4. THE STRUGGLE OVER MILITARY REORGANIZATION

The most serious case of internecine departmental warfare is found in the war agencies. The following official excerpts show that (a) Pearl Harbor had crystallized the nation's determination for military reorganization; but despite a rich wartime experience with joint and combined operations, the passage of (b) the National Security Act of 1947, proved merely a lukewarm attempt at co-ordination and was actually converted into a means of preventing military integration until another crisis would bring about a genuine integration of the armed services.

(a) JOINT CONGRESSIONAL COMMITTEE

Pearl Harbor Attack ²¹

Effective utilization of the military power of the Nation is essential to success in war and requires: First, the coordination of the foreign and military policies of the Nation; and, second, the coordination of the operations of the Army and Navy.

The responsible commanders in the Hawaiian area, in fulfillment of their obligation so to do, prepared plans which, if adapted to and used for the existing emergency, would have been adequate. In the circumstances the responsibility of these commanders was to confer upon the question of putting into effect and adapting their joint defense plans. These commanders failed to confer with respect to the warnings and orders issued on and after November 27, and to adapt and use existing

²⁰ Joint Committee on Reorganization: "Reorganization of Executive Departments," 1924, p. 350.

²¹ Joint Congressional Committee: Pearl Harbor Attack. 79th Cong., 1st Sess., Hearings, Part 39, 1946, selected from pp. 19-21.

plans to meet the emergency Had orders issued by the Chief of Staff and the Chief of Naval Operations November 27, 1941, been complied with, the aircraft warning system of the Army should have been operating, the distant reconnaissance of the Navy, and the inshore air patrol of the Army, should have been maintained, the antiaircraft batteries of the Army and similar shore batteries of the Navy, as well as additional antiaircraft artillery located on vessels of the fleet in Pearl Harbor, should have been manned and supplied with ammunition, and a high state of readiness of aircraft should have been in effect

None of these conditions was in fact inaugurated or maintained for the reason that the responsible commanders failed to consult and cooperate as to necessary action based upon the warnings and to adopt measures enjoined by the orders given them by the chiefs of the Army and Navy commands in Washington The failure of the officers in the War Department to observe that General Short, neither in his reply of November 27 to the Chief of Staff's message of that date, nor otherwise had reported the measures taken by him, and the transmission of two messages concerned chiefly with sabotage which warned him not to resort to illegal methods against sabotage or espionage, and not to take measures which would alarm the civil population, and the failure to reply to his message of November 29 outlining in full all the actions he had taken against sabotage only, and referring to nothing else, tended to lead General Short to believe that what he had done met the requirements of the warnings and orders received by him The failure of the commanding general Hawaiian Department, and the commander in chief, Pacific Fleet, to confer and cooperate with respect to the meaning of the warnings received and the measures necessary to comply with the orders given them under date of November 27, 1941, resulted largely from a sense of security due to the opinion prevalent in diplomatic military, and naval circles and in the public press that any immediate attack by Japan would be in the Far East The existence of such a view, however prevalent, did not relieve the commanders of the responsibility for the security of the Pacific Fleet and our most important outpost

In the light of the warnings and directions to take appropriate action transmitted to both commanders between November 27 and December 7, and the obligation under the system of coordination then in effect for joint cooperative action on their part, it was a dereliction of duty on the part of each of them not to consult and confer with the other respecting the meaning and intent of the warnings, and the appropriate measures of defense required by the imminence of hostilities The attitude of each that he was not required to inform himself of, and his lack of interest in, the measures undertaken by the other to carry out the responsibility assigned to such other under the provisions of the plans then in effect, demonstrated on the part of each a lack of appreciation of the responsibilities vested in them and inherent in their positions as commanders in chief, Pacific Fleet, and commanding general, Hawaiian

Department. The Japanese attack was a complete surprise to the commanders, and they failed to make suitable dispositions to meet such an attack. Each failed properly to evaluate the seriousness of the situation. These errors of judgment were the effective causes for the success of the attack.

(b) NATIONAL SECURITY ACT OF 1947

"Declaration of Policy"²²

In enacting this legislation, it is the intent of Congress to provide a comprehensive program for the future security of the United States; to provide for the establishment of integrated policies and procedures for the departments, agencies, and functions of the Government relating to the national security; to provide three military departments for the operation and administration of the Army, the Navy (including naval aviation and the United States Marine Corps), and the Air Force, with their assigned combat and service components; to provide for their authoritative coordination and unified direction under civilian control but not to merge them; to provide for the effective strategic direction of the armed forces and for their operation under unified control and for their integration into an efficient team of land, naval, and air forces.

There were many aspects to the inter-service controversy which raged after World War II, but when it was realized at the end of the 1940's that the Navy had plans for as large an air arm as the Air Force, there was no doubt in the minds of most Americans where the key problem lay. In the recurrent controversies over military reorganization since World War I,²³ there had always been inter-service rivalries. Some of the problems arose over Army-Navy football or over competition between the Marine and the Army bands.²⁴ There was, it is true, a legitimate doctrinal difference over the role of air power, first with regard to coastal defense and later with regard to naval carrier versus land-based aircraft.²⁵ However, in an age of atomic energy, supersonic speed, jet propulsion, pilotless aircraft, guided missiles, and radar controls, laymen as well as experts began to dem-

²² National Security Act of 1947: "Declaration of Policy." 80th Cong., 1st Sess., Public Law 253, chap. 343.

²³ There were a half-dozen major investigations, including the United Air Service hearings in 1919, the Brown Report to the Joint Congressional Committee on Reorganization in 1920, the Air Service Unification hearings in 1925, the 1926 congressional hearings on a Department of Defense, the Baker Board report in 1934, and the 1945 congressional hearings on a Department of Defense.

²⁴ Drew Pearson: *More Merry-Go-Round*. New York: Liveright Publishing Corporation; 1932, pp. 260-73.

²⁵ F. Eberstadt: Report to James Forrestal, Secretary of the Navy, "Unification of the War and Navy Departments and Postwar Organization for National Security." Senate Committee on Naval Affairs, 79th Cong., 1st Sess., 1945.

onstrate their impatience with service loyalties that turned out to be service jealousies inimical to the national security

American history on this point could conveniently be combined with a more contemporary perspective. In 1798, the American Minister at Lisbon, William Smith, wrote to Secretary of War McHenry

I find you are at length likely to have some Symptoms of a Navy—and that there is to be a Navy Department, but I don't learn which way your propensity inclines whether to the Army or Navy, as you are subdivided into two parts I wish to know with which part the Soul remains, with the Navy part or the Army part? are you to be Mars or Neptune? are you to wield the Trunchcon or the Trident? God prosper you in whatever capacity, you have an arduous task and Sad Devils to deal with' ²⁶

Perhaps Professor Arnold Brecht and Comstock Glaser are right in concluding "The government of a democratic country can only be thoroughly reorganized at psychological moments when the political mood is one of reform, and vested interests, governmental as well as private, are at the weakest" ²⁷ Nevertheless, those observers who were confident of the American capacity for public management hoped that on vital questions of organizing for national security and international peace, the nation would not have to stand by for the crisis which existing organizational habits would be insufficient to deal with

5 PRECEPTS FOR REORGANIZATION

Admitting that politics sometimes complicate reorganization, are there any tested precepts that can be followed once an opportunity for reorganization arises? Considerable guidance may be obtained from the experience of business administration, as explained below by (a) the management engineer, Harry A. Hopf, and (b) the business research expert, Lounsbury Fish

(a) HARRY A. HOPF

"Organization Executive Capacity and Progress" ²⁸

Implicit in all the considerations advanced are certain principles which demand acceptance and observance if the process of organization

²⁶ June 23 1798 quoted by Bernard C. Steiner Correspondence of William Smith American Minister to Portugal *Sewanee Review* January 1906 vol 14 p 96

²⁷ Arnold Brecht and Comstock Glaser *The Art and Technique of Administration in German Ministries* p 13

²⁸ Harry A. Hopf *Organization Executive Capacity and Progress* Advanced Management June 1946 vol 11 p 40 Reprinted by permission

is to be soundly accomplished and its product, the structure, is to be made responsive at all times to the varying requirements imposed upon it. Some of the more important of these principles are here set forth:

1. The organizational structure should be divided into the smallest number of levels consistent with effective distribution of authority and responsibility;
2. Subdivision of activities should proceed to the point where specific duties are commensurate with the capacities of those engaged in their performance;
3. The power of decision should be placed as closely as possible to the point where action originates;
4. Reliance should be based primarily on individual action and authority, and group action and authority should be resorted to only where clearly required for purposes of co-ordination;
5. Detailed information should be converted as rapidly as possible into control information as it moves upward through successive organizational levels;
6. The ultimate design of organizational structure should invariably bring to expression definite distinctions among the major levels of administrative, managerial and operative performance.

(b) LOUNSBURY S. FISH

"Organization—Foundation of Management"²⁹

Let us review, for a moment, the considerations which should guide this basic division and subdivision of the total undertaking into components which will meet these exacting requirements—which will permit Management to delegate and decentralize its burdens without sacrificing essential coordination and control.

Each should comprise a logical, separable field of responsibility—a natural subdivision of the total task, whose scope and jurisdiction can be clearly defined. These may be relatively distinct subenterprises such as product or regional divisions or subsidiaries; functional divisions, like manufacturing, marketing, accounting; geographical outposts, such as regional, district or branch offices or plants; or staff aspects of the management job.

Each should represent a clear-cut "contract" for which a properly qualified executive, supervisor, or staff man can be held squarely responsible and accountable.

Each should have easy, workable relationships with other associated components, with a natural, definable basis of division between them. It should be clear where one responsibility "leaves off" and the next begins.

²⁹ Lounsbury S. Fish: "Organization—Foundation of Management." *Advanced Management*, June 1946, vol. 11, selected from pp. 52-54. Reprinted by permission

Each should represent a relatively homogeneous and cohesive field of responsibility, made up of elements which are compatible, related, having some common bond. The responsibility for any single undertaking should not be divided.

Each should contain all elements which are parts of a closely related group, which "belong together, which comprise a complete entity. Conversely, it should not contain incompatible or "foreign" elements which are more properly parts of other assignments.

Every effort should be made to keep the number of management levels at an absolute minimum in order to facilitate administration and avoid delay, multiple handling and red tape. The number of levels is dependent upon the number of primary components requiring executive coordination, and the number of these which it is feasible to group for such coordination at a higher level. Obviously, the minimum number of management levels will result where each proprietary executive (or supervisor), in ascending order, has a jurisdiction embracing "all he can satisfactorily manage."

As a final test of organizational adequacy in support of any executive office, let us visualize The Executive, sitting at his desk, faced with the many responsibilities and obligations of management. Let us, for a moment, consider that each of his problems or "worries" is reduced to writing—not only the matters that have been referred to him for decision, but also the many plans, actions and lines of endeavor that he himself should be initiating, in the interests of good management—and that these papers are stacked in an impressive pile, upon his desk. The Executive's task is to divide up and delegate the bulk of these worries among the members of his staff (who, we will assume, are represented by baskets on his desk), reserving for himself those primary obligations which he as chief must personally assume. If he is able to go through this pile and, without hesitation, sort and toss each of his delegable worries neatly and clearly, into one of the staff baskets with confident expectation that it will be properly taken care of—then he has a good organization both as to plan and people.

Concerning the several proposed lists of "principles," Hopf begins and Fish ends with the warning that the "levels of control" should be as few as possible. Despite its inter-service conflicts, military organization, too, has made some progress. Traditionally, the commander had, besides his field units which reported to him directly from the line, a general staff level and a special staff level of control. If officers from each level were to report directly to the commander, his normal span of control would be seriously exceeded and his responsibilities would be overwhelming. The question therefore arose if more of the line problems and also the special staff problems could be subsumed under the general staff sections which would

occupy most of "the right of access" to the commander. This represents a very different conception of the general staff than had originally been contemplated. In the interests of effectively commanding a highly complex program, in an air force operation for example, there has been a tendency to substitute the "deputy commander" role for that of the "general staff" officer, with a recent tendency to reduce the number of deputies in direct contact with the commander to as few as two, one for "operations" and one for "administration."³⁰

Obviously, this adjustment does not mean that the chief executive is to be closed off from other staff officers or from technical subdivisions or field units in his organization. On the contrary, an executive who has thus learned to curtail his span of control is left with more time and opportunity to get out into the field and make more personal contact with technical operations. For, paradoxical as it may seem, the decision to cut oneself off from duplicating "levels of control" means that one is more available to effectuate control at all the various levels of an organization. Effective reorganization is a personal and psychological process which can be carried on in the mind of an administrator as well as imposed upon the organization chart.

6. THE COMMON SENSE OF REORGANIZATION

Some of these more simple and yet more subtle aspects of reorganization are revealed by two professors of public administration: (a) Lent D. Upson of Wayne University, and (b) Marshall E. Dimock.

(a) LENT D. UPSON

"Letters on Public Administration"³¹

Fix up your organization on a "unifunctional" basis, which means give every sub-administrator some like things to do, which means put people and activities into neat compartments or pigeonholes. After you have your activities carefully allocated into neat little cubby-holes, there will be no way by which the fellow in one pigeonhole can know what the other fellow is doing. That is how it happens that street paving sometimes gets laid before water mains and sewers, and in these days, the artillery gets shells that are a couple of sizes too big or too small. There is no real cure for this trouble that the textbooks have thought up yet. But staff

³⁰ See Chapter 10.

³¹ Lent D. Upson: "Letters on Public Administration." Selected from pp. 21, 23-25. Detroit: National Training School for Public Service; 1947.

meetings help and there is talk nowadays about "staff officers" to do nothing but "coordinate."

Also, occasionally, you can shuffle the cubby holes around or pull out the partitions between a few of them. This process is called "integration." Akin to this difficulty of coordination is the fact that two services sometimes have to work together although they are under different bosses. This arrangement permits the janitor of the school to thumb his nose at the principal because he, the janitor, reports to the business manager downtown. There is no cure for this trouble either, although the authorities on administration have thought up a lot of reports for one or the other injured persons to fill out which gives him some mental relief and keeps him from blowing a fuse.

Also, so called "streamlining" is the process of jerking "service" functions out of each of the principal activities and consolidating them into general overhead units. That means in low brow language, that you take the jobs of personnel management, budgeting, accounting, purchasing, maintenance of facilities, and sometimes clerical work including stenographic, statistical and drafting service—and centralize these in a half dozen main auxiliary departments. This kind of business is supposed to make for economy and efficiency and also makes some sub administrators mad as hops and they can argue from here to Sunday on how their work is hampered, hindered and mayhemed by the process. Sooner or later, the department heads wrangle some of these services back into their departments, clandestinely entering bookkeepers and statisticians on the payroll as chauffeurs or doorkeepers. No answer to this one either except that staff functions are in the constant process of centralization and decentralization and/or integration or disintegration which keeps everybody on edge as to whether or not he is going to have a job next year.

(b) MARSHALL DIMOCK

*The Executive in Action*²²

The opposition of some executives to formalized organizational analysis stems in part from a reaction against the too zealous advocacy of organization as the universal panacea of all management ills. These executives correctly understand that organization is not the whole of management any more than personnel or budgeting or public relations. Organization analysis, therefore, is not properly the periodic pursuit of the expert, rather, it is the continuous responsibility of the executive. His clue is found in malfunctionings, not in the blind following of preconceived stereotypes.

Management experts can do much harm simply by being doctrinaire when, because of some customarily accepted formula, they tear

²² Dimock, *The Executive in Action*, adapted from pp. 53-54, 79, 164, 165, 168. Reprinted by permission of Harper and Brothers. Copyright, 1945, Harper and Brothers.

apart established ways of doing things even though the existing structure is producing satisfactory results. They evidence a form of professional conceit—not confined to them by any means—which contributes invariably to the bad opinion which many successful executives hold of the management expert. It is a serious thing to operate on a going concern, because an institution is made up of people with established ways of doing things; people who, in consequence, develop certain institutional attachments which are an important part of institutional success. They are like the traditions of a family. Men take pride in them.

It takes time for an organization to settle into a groove. An efficient enterprise must work in a groove because a groove is the smooth way of doing things. Here, again, misunderstanding is frequent because too often it is assumed that the groove is a rut which must be avoided at all costs. The urge is to reorganize out of it, to consolidate and divide and shake up, simply to prevent the groove from becoming established. But this is shortsighted and unrealistic. The groove is essential. It is not the groove that should be prevented but the too deep grooving which becomes a rut and eventually militates against flexibility, fresh outlook, and adaptability to change. The person inexperienced in organizational matters may argue that there is a narrow dividing line between the groove, which leads to efficiency, and the rut, which leads to retrogression, and decay. That is partially true. The solution to the dilemma lies in the awareness of the executive, and those associated with him, of the dangers as well as the benefits inhering in the situation. They can then take the positive steps which will prevent a rut from developing.

Consolidation does not necessarily increase efficiency. It may assist the chief executive in his supervisory function, but at the same time it creates the problem of trying to blend oil with water. To put so many agencies together that each loses its initiative and its drive is a serious matter. Since the purpose of management is to satisfy those who rely upon the service, then obviously administrative convenience and reducing the number of units to an apparently more manageable group of packages are academic pursuits which should be viewed with some skepticism. An unnatural blending of activities forced into the same vat may result in a colorless and insipid brew. A sound organization is built around operating units possessed of a life, a vitality, and an inner drive of their own.

The only way an executive can be certain that any failure to perform effectively is his own is to assure himself in the first place that all the elements necessary for a unified administration are in his hands. He cannot afford, however, to stop dead in his tracks in order to iron out the problems of a limited jurisdiction, nor to clarify the relationships between his own organization and those which have the power to detract from its full effectiveness and efficiency. The work must go forward. But if he has a clear idea of what is required of him in getting his job done, if he knows precisely what his objectives are and can identify and be on guard against the hazards to survival that surround him, then he will have constantly

on the border of his mind those steps which are necessary to round out his jurisdiction and protect the future of his program. It becomes a sort of sixth sense with him, always present but scarcely ever conscious. It is this sixth sense which, when unexpected opportunities arise, causes him unhesitatingly to move into a position where his enterprise can avail itself of the chance to complete its powers. Thus does the executive enter the arena of power relationships.

There is a difference between aggrandisement which merely looks to greater financing, more employees and increased power and prestige, and that which is an integral part of the strategy of performing a unified and rounded function. It is easy to rationalize the one into the other. The executive therefore must honestly examine his own thought and motives so as to make sure that his desire for a unified authority is not in reality an avid, if disguised, thirst for power. Nothing will more quickly dissipate the strength of his organization than the assumption of unnecessary and unrelated activity. Similarly, nothing is more indispensable to success than the proper juxtaposition of related parts so that his machine may operate smoothly and with no cylinders missing.

The wise executive never looks upon organizational lines as being settled once and for all. He knows that a vital organization must keep growing and changing with the result that its structure must remain malleable. Get the best organization structure you can devise, but do not be afraid to change it for good reason. This seems to be the sound rule. On the other hand, beware of needless change, which will only result in upsetting and frustrating your employees until they become uncertain as to what their lines of authority actually are.

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Professor Dimock recognizes that this need for flexible organization arises from the simple fact that in modern administration, "There is no such thing as dead center. Life is constantly moving and so is an organization."<sup>22</sup>

## 7 THE PROCESS OF CONTINUING REORGANIZATION

Should administrators make reorganization a continuous process? Some specialists in business administration, think this plan is necessary and furthermore believe a special organization or department responsible for the process of reorganization must be established. Professor Paul E. Holden and his research associates at Stanford University, Lounsbury S. Fish and Hubert L. Smith, are among the scholars who favor the continuous process.

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<sup>22</sup> Dimock *The Executive in Action* p. 18



## HOLDEN, FISH, AND SMITH

Top-Management Organization and Control<sup>34</sup>

Maintenance of a logical and effective plan of organization is not a matter of chance, of "letting nature take its course." It requires continuous study, development, adjustment to changing conditions, and review of actual practice to see that the plan is properly understood and working effectively. Control over this important activity is usually effected through:

|                        |                                                    |
|------------------------|----------------------------------------------------|
| Organization Planning  | Initiation and Approval of<br>Organization Changes |
| Organization Charts    | Periodic Review of Organi-<br>zation Practice      |
| Job Specifications     | Organization Training                              |
| Control Specifications | Staff Agency Required                              |
| Organization Manual    |                                                    |

While some companies recognize the need for a general overhauling and clarification of their organization plans, very little is done about it, first, probably because they lack a well-qualified staff agency to do the work, and, second, because any needed major changes might impinge upon some of the major executives or their ideas. In this connection, several of the participating companies have in mind the development of an ultimate or "ideal" plan of organization—not as it is, but as it should be—to serve as a guide to the gradual strengthening and clarification of the structure, as it becomes opportune to make changes, through retirements and other eventualities. Thus, when changes are made, they will be made in the right direction and in the course of time a clean-cut, rational plan or organization can be achieved without any major disruption of personnel.

Preparation and maintenance of the organization manual is a natural function of a staff organization department working in close collaboration with the executives concerned. It is probably unnecessary to emphasize the importance of clear thinking and expression and the avoidance of all unnecessary detail in the preparation of such a manual. It is generally conceded that the plan of organization, establishing as it does the pattern of management, warrants the attention of men of the highest caliber. In some companies even the president or chairman devotes an appreciable share of his time to this important work. In short, it is a job for management, not a clerical assignment.

Two [out of 31 companies studied] have done a splendid job of organization clarification through what they term the "consultative plan

<sup>34</sup> Holden, Fish, and Smith: *Top-Management Organization and Control*. Selected from pp. 91-92, 99-100. Reprinted by permission of Stanford University Press. Copyright 1941, Stanford University Press.

of management" Under this plan executives meet frequently with their subordinates and staff assistants to consider and discuss the problems of management, such as organization structure, proper allocation of functions, responsibilities and authority, long term objectives, measures of accomplishment, and procedure Out of these discussions evolve the best possible plans for the solution of these management problems The plans thus derived constitute the organization manual This process of "self determination" has been found to be very stimulating and effective in clarifying viewpoint and understanding, and in contributing to the training and development of the key personnel who participate It is believed, however, that such a program is a logical supplement to, rather than a substitute for, an able staff agency concentrating on organization matters Such an agency, responsible for developing the general pattern of organization and for guiding, co-ordinating, and assisting the efforts of divisional executives within this field, should contribute materially to the speed and effectiveness of the program for clarifying organization

Public administration as well as business is becoming more aware of the need for deliberate machinery of this kind Some of the pioneer work in this field is being conducted by the Division of Administrative Management of the United States Bureau of the Budget, and the Organization and Methods Division of the British Treasury

## 8 A PRACTICAL CHECKLIST FOR REORGANIZATION

C Dwight Waldo is one of the most incisive American critics of the overemphasis on administrative mechanics and at the same time a pragmatic analyst of organizational affairs He is a former Federal administrative employee, professor of political science at the University of California, and author of the stimulating survey of the theory of American public administration, *The Administrative State*<sup>35</sup> Professor Waldo lists the following specific questions as a means of solving the problem of organization and reorganization

### C DWIGHT WALDO

#### "Organizational Analysis Some Notes on Methods and Criteria"<sup>36</sup>

1 Is the problem "organizational" or "procedural"? Organizational studies are undertaken as a result of some sort of irritation in the

<sup>35</sup> Compare the review by Arthur W Macmahon "The Administrative State" *Public Administration Review*, Summer 1948 vol 8, pp 203-11, with that by James W Fesler "The Administrative State, a Study of Political Theory of American Public Administration" *American Political Science Review*, August 1948, vol 42, pp 782-83

<sup>36</sup> C Dwight Waldo "Organizational Analysis Some Notes on Methods and Criteria" *Public Administration Review*, Autumn 1947, vol 7, selected from pp 240-43 Reprinted by permission

body politic. It may be, however, that the irritation is procedural rather than organizational in origin and nature. A change in procedure, as the less drastic remedy, is nearly always to be preferred. In general the organizational component is greater in the "higher" aspects of administration, the procedural component greater in the "lower" aspects of administration. If the problem that is posed is one of executive manageability or functional unity, therefore, it is unlikely that procedural remedies will be adequate. But if the problem involves such a matter as cooperative use of personnel or equipment, an eye should be kept cocked for the procedural remedy which, being less drastic than the organizational, is nearly always to be prescribed. It is a safe generalization that measurable economies can be shown much more easily and frequently through procedural than through organizational changes.

2. Will executive control, policy coordination, and functional coherence be facilitated? The analyst must be constantly alert to the problem whether a proposed change will or will not facilitate executive control. If executive control appears an important factor in the total problem, the analyst will probably wish to inquire carefully into the types of executive control involved and the various alternative means for their realization. Is it necessary that an executive personally "make policy" for a given agency? Or is it sufficient if he exercises only general surveillance over its making? Is it desirable that the executive manage "housekeeping" functions in the area in question as well as control policy formulation?

3. Is there need for autonomy or "independence" and will this need be served? Since the arguments for decentralization—functional and territorial—are common coin among students of administration they need not be rehearsed here. One form of the question of integration that has escaped discussion will, however, be noted. Different organization units operate according to different standards of administrative morality and at various levels of efficiency. In the case of a merger of two units with varying standards, what is likely to be the resulting set of standards? Is there an administrative Gresham's law which will dictate the adoption of the lower standards? If there will be a tendency in this direction how can it be arrested?

4. Will manpower or materials be saved? The problem here is primarily the familiar one of eliminating unnecessary "duplication and overlapping." There is no more persistent motif in the study of public administration than the attainment of "economy," and all students unite in its praise though conceptions of its dictates vary tremendously. Will consolidation of two organizational units permit a reduction in the total number of typists, or accountants, or entomologists? Will a transfer of Bureau X to Department Y release a set of expensive scientific instruments for use of Department Z? These are the types of questions the analyst must seek to answer—in terms of dollars and cents, if possible; otherwise, in general terms that will bear close scrutiny. And having demonstrated

an economy, he must then weigh it in the balance against any tangible or intangible losses

5 Will cooperation be facilitated? Irrespective of whether two organizational units have a "common purpose" is there an advantage in bringing their personnel together for consultation or a joint effort? Irrespective of the existence of "common purpose" are there advantages in sharing or pooling equipment and supplies? If one organizational unit "services" another will any demonstrable purpose be served by bringing the two into closer organizational relationship? Or conversely, by terminating the service and arranging for another source of supply?

6 Will clientele, beneficiary, ward, or employee convenience, welfare, or satisfaction be served? The direct convenience, welfare, or satisfaction of the persons with whom the government deals may in some cases be easily measured, but more often it is not. The organizational unity of certain related services may demonstrably save travel, time, and money on the part of users of the services. On the other hand, in the more common case in which intangibles are important the conscientious analyst will spend some sleepless early morning hours trying to decide whether the welfare of a certain group will be advanced by an organizational change. Should employee convenience and satisfaction be weighed? I feel the answer is an indisputable "Yes." This reply need not be based upon humanitarian or democratic grounds, though no doubt it could be. It can be based upon the simple fact that employee convenience and satisfaction are translated rather directly into employee morale and efficiency. An unhappy employee is an inefficient employee. If, for example, an organizational change involves a physical move that means that families must move and find new homes in less desirable locations, this fact should not be disregarded.

7 Are personal factors involved that must be considered? This heading need not detain us long. I am aware that there is a school of thought which holds that personal factors should be disregarded in favor of 'sound principles' of organization. Nevertheless, I hold it to be a self-evident truth that personal factors cannot be (or, what comes to the same thing, will not be) ignored in dealing with organization. Perhaps they should be minimized.

8 Should the factor of tradition or *esprit de corps* be considered? In three types of organization the factors of tradition and *esprit de corps* may be especially important—scientific research organizations, military and semimilitary organizations, and organizations in which the element of professionalism is strong. The destruction of a tradition or the breaking up of a group with a strong corporate spirit should not be done for 'light and transient reasons.' On the other hand, tradition and corporate spirit may by virtue of their very strength impede the accomplishment of large objectives, and organizational change may be desirable to reduce their effect.

Not all students of public administration agree with Professor Waldo about the need to reconsider or restrain organizational changes in the light of personality or procedural factors. Like Waldo, however, many other American administrators who have had a rich opportunity to participate in and observe the administrative process during the crisis of the 1930's and 1940's<sup>37</sup> are seeking a sound balance between procedural change and reorganized structure.

## SUMMARY

There are several useful and tested precepts of organization or reorganization. These principles might include the concepts of unity of command, requiring every member of an organization to be responsible to only one superior, following the theory that man cannot serve more than one master; delegation of responsibility, requiring a clear-cut assignment of duties to subordinate individuals or subordinate levels in order to avoid overlapping or duplication of work, and a grant of authority commensurate with the responsibilities assigned; and span of control, restricting the levels of authority or the number of a superior's immediate subordinates to a number small enough to be effectively directed and co-ordinated by one man. Some writers have included with these principles the more descriptive phases of organization, such as the scalar hierarchy, the *staff-and-line* modes, and the *spatial* or geographic mechanics of organizational structure. In reorganization, it is possible to select from the alternative factors of purpose, process, person, and place, one such factor for "unifunctional" emphasis, always remembering, however, that subsequent subdivisions will require an appeal to the rejected factors.

One of the most advisable precepts of reorganization may be the compliance with more of the practicalities of personality and politics, without, however, sacrificing the more "rational" objectives of the organization. Thoughtful students of management have advised a continuing mechanism for reorganization so flexibly conceived that structural changes may be made without waiting for crises which frequently make reorganizations futile. No one best type of organization for a given institution can readily be found, and unless such tested experience in the field of organization is utilized, organizational structure will interfere with managerial procedure and administrative accomplishment. The manner in which management procedure, including personnel management, weaves in and out of the organizational structure and stimulates or suppresses the administrative process, is the subject of the final part of this book.

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<sup>37</sup> See, for example, David D. Levine: "Management Planning in Government," referred to in Chapter 19, n. 20.

PART III

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THE TECHNIQUE OF MANAGEMENT

## CHAPTER FOURTEEN

### PERSONNEL MANAGEMENT

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MANAGEMENT involves the concrete practices and the observable techniques of administration. Frequently the term *management* is used synonymously with *administration*, and it is invariably assumed that a good manager is a good organizer. All of these usages are justified in the general terminology of administration, but in its more specialized sense management refers to the following specific techniques:

1. Personnel management (Chapter 14)
2. Budgeting and financial control (Chapter 15)
3. Planning and programming (Chapter 16)
4. Research, reporting and public relations (Chapter 17)
5. Legal procedures (Chapter 18)
6. Other management procedures and practices (Chapter 19)

These functions may be exercised directly by managers or executives who are primarily responsible for carrying out subject-matter functions, such as sales in business, production in industry, investment in banking, or welfare in government; or they may be delegated to staff members or service agencies specializing in these managerial functions. As Luther Gulick has demonstrated in his analysis of POSDCORB,<sup>1</sup> these managerial activities constitute the bulk of the day-by-day routine, the common body of knowledge, and the technical know-how of all forms of administration.

Among these managerial functions, personnel management is generally regarded as primary. Indeed, among many students of administration, it is the prior importance of personnel that makes

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<sup>1</sup> See Chapter 2.

management a more significant subject than organization. Many administrators, of course, emphasize structural organization and managerial mechanics alone, but increasingly American administrative thinking subordinates the offices of government and the machinery of business to the intellectual and technical qualities of incumbents. The popular expression, "That's a fine organization," generally means, "That organization is staffed by excellent people." Early in the nation's history there was a distinct recognition of the prior significance of personnel over organization in the United States. At the time of the adoption of the Constitution in 1789, a writer in *The American Museum* declared: "Good government manifestly depends much more on the goodness of the men who fill the public offices than on the goodness of the form of government, constitution or even laws of the state . . . and one principal thing which makes one form of government better than another is that there is a greater and more natural chance of the appointment of suitable men to public offices in the one than in the other."<sup>2</sup>

## 1 EXECUTIVE RESPONSIBILITY AND PERSONNEL MANAGEMENT

Personnel management has been largely identified in the United States with the problem of employing qualified personnel in business or government under a system of merit selection or civil service as opposed to the practice of business nepotism or spoils politics. Both the democratic philosophy and the technical strain in American administration account for this conclusion. The first factor resulted in wide scale participation of all groups, including the unqualified, in government and administration, while the second emphasized the element of qualification as a technical corrective to mass participation. This concern for careful selection and recruitment as a means of protecting both business and government from unqualified personnel represents only the corrective and negative phase of the subject. As Marshall Dimock shows in the following reading, effective administration calls for a much broader conception of management and a more positive approach to personnel management.

**MARSHALL DIMOCK**

***The Executive in Action*<sup>3</sup>**

The executive in every walk of life, whether he knows it or not, directs social forces and determines the destiny of countless people, not

<sup>2</sup> Quoted by White, *The Federalists*, p. 268.

<sup>3</sup> Marshall Dimock, *The Executive in Action*. Adapted from pp. 1, 3-4, 8-9, 27, 150. Reprinted by permission of Harper & Brothers. Copyright 1945 Harper & Brothers.



only those who work in his immediate organization but among the larger public as well. He should comprehend this and recognize his responsibility. The role of statesman is thrust upon him by the nature and demands of the position he occupies. To fulfill it he must be a philosopher. But he cannot be a successful philosopher unless he understands the inherent life of institutions, the reasons why people in institutional situations behave as they do. This knowledge is the philosophy and technique of management.

"Management is not a matter of pressing a button, pulling a lever, issuing orders, scanning profit and loss statements, promulgating rules and regulations. Rather, management is the power to determine what shall happen to the personalities and to the happiness of entire peoples, the power to shape the destiny of a nation and of all the nations which make up the world. Executive work, therefore, is statesmanship and the techniques which the executive employs are only incidental to the forces which he sets in motion and helps to direct. It is no exaggeration, therefore, to say that the management of the nation's large institutions, both in business and in government, determines the fate of millions of individual lives as well as the lives of generations unborn.

These institutions, which by some inherent process seem always to expand, create the environment in which most of us live. If we do not use sufficient intelligence, if management is narrow-sighted and stupid, we will find ourselves in a vise. The knowledge needed consists in part of broad principles, such as the rule that authority should usually equal responsibility, or that individual functions and responsibilities must be clearly defined if the most effective use is to be made of organization and personnel. But in addition to these broad principles there must be an understanding of human nature and the techniques which secure ready assent, co-operation, morale, and institutional drive. The job of management is simply an attempted response to a social need requiring action. What had to be done was the important thing, while the organization, the budget, the title, and all else of the kind was merely detail. But it was important detail, too. The divisions within our administrative structure, for example, would be efficacious or foredoomed to futility depending upon how closely their functions coincided with the social need to be filled.

Management is not an isolated process, a mere game at which grown boys play. Management is what people do in response to situations as diverse as society itself. Each situation is different and hence each management problem is different. Running throughout all of them, however, are certain general factors and common requirements. The executive who knows what these are and has sufficient native intelligence to fold them into his organization possesses the combination that usually wins the struggle. Throughout the organization, the level of performance can never rise higher than the capacity of the man in the position carrying the greatest authority, prestige, and influence. Competent individuals are seemingly

unable to function at their best when, over long periods of time, they are frustrated and held down by weak leadership. A serious and common mistake among executives is to assume that a weak man in a pivotal position can be bolstered by surrounding him with one or more persons of capacity, making it necessary for several to do what the top man should be able to accomplish alone. Almost without exception this makeshift fails. One reason is that the executive who is not fully qualified for his position seems to be secretly aware of his shortcomings as well as openly aware of his power, and hence he attempts to cover up in ways injurious to the efficiency and morale of those who work under him. "The weak person is usually the last to admit his deficiencies, however, and because lacking in self-confidence, feels that he must compensate by putting up a front. No executive who puts up a front can hope to have the wholehearted cooperation and respect of those who work for him."

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According to Dimock, therefore, the essential ingredient of successful administration and effective management in modern society is an efficient system of personnel management, including a developed self-awareness on the part of the managers concerning their personal capacities and deficiencies.

2 THE UNIVERSAL SEARCH FOR COMPETENT PERSONNEL

Management of others in addition to self management calls for a level of maturity and competence among administrative leaders that is difficult to attain. From the chief executive to the section chief, whether in the United States or the USSR, the plea is constantly for more competent personnel. This fact is demonstrated by the following selections from (a) James Bryce, the British commentator on the American government, (b) Walter Lippmann, the American columnist writing on world affairs, and (c) Joseph Stalin, now cast in the role of Russian critic of Soviet administration.

(a) JAMES BRYCE

"Why Great Men Are Not Chosen Presidents" ⁴

Europeans often ask, and Americans do not always explain, how it happens that this great office of President, the greatest in the world, unless we except the Papacy, to which any one can rise by his own merits, is not more frequently filled by great and striking men. In America, which is beyond all other countries the country of a 'career open to talents,' a

⁴ James Bryce "Why Great Men Are Not Chosen Presidents" *The American Commonwealth* New York: The Macmillan Company, 1889, vol. I selected from pp. 73-5

country, moreover, in which political life is unusually keen and political ambition widely diffused, it might be expected that the highest place would always be won by a man of brilliant gifts. Several reasons may be suggested for the fact, which Americans are themselves the first to admit.

1. One is that the proportion of first-rate ability drawn into politics is smaller in America than in most European countries. This is a phenomenon whose causes must be elucidated later: in the meantime it is enough to say that in England, where many persons of wealth and leisure seek to enter the political arena, while burning questions touch the interests of all classes and make men eager observers of the combatants, the total quantity of talent devoted to parliamentary or administrative work has been larger, relatively to the population, than in America, where much of the best ability, both for thought and for action, for planning and for executing, rushes into a field which is comparatively narrow in Europe, the business of developing the material resources of the country.

2. Another is that the methods and habits of Congress, and indeed of political life generally, give fewer opportunities for personal distinction, fewer modes in which a man may commend himself to his countrymen by eminent capacity in thought, in speech, or in administration, than is the case in the free countries of Europe.

3. A third reason is that eminent men make more enemies, and give those enemies more assailable points, than obscure men do. They are therefore in so far less desirable candidates. It is true that the eminent man has also made more friends, that his name is more widely known, and may be greeted with louder cheers. Other things being equal, the famous man is preferable. But other things never are equal. The famous man has probably attacked some leaders in his own party, has supplanted others, has expressed his dislike to the crotchet of some active section, has perhaps committed errors which are capable of being magnified into offenses. Hence, when the choice lies between a brilliant man and a safe man, the safe man is preferred. An eminent American is reported to have said to friends who wished to put him forward, "Gentlemen, let there be no mistake. I should make a good President, but a very bad candidate." Now to a party it is more important that its nominee should be a good candidate than that he should turn out a good President.

(b) WALTER LIPPMANN

"The Cult of Incompetence"⁵

It has high symptomatic value that first-rate men are not in charge. For those who are genuinely in the know there are much surer tests. Perhaps the chief reason why they are not applied sternly is that we have gotten along quite well in this country without having to insist upon

⁵ Walter Lippmann: "The Cult of Incompetence." *Today and Tomorrow*, March 12 and June 25, 1942. Adapted and reprinted by permission.

the very highest standards of excellence in the public service. Honesty, a fair amount of industry, some public spirit have seemed good enough we have pursued excellence elsewhere where the rewards were greater than in public life

Thus, when the fate of the Nation and the lives of millions are at stake, we find that our standards of judgment are soft and complacent. A man, known by everyone to be altogether inadequate to his task, can be indulgently tolerated just because he is where he is, and it is such an infernal nuisance to remove him and find someone better.

The cult of incompetence is one of the fatal diseases of modern life. It will be the ruin of us if we do not look out. What is more, this will not be the century of the common man, or in any event it will be a ghastly century, if we do not sober up from being drunk with quantity and set up for ourselves standards of quality, where not the mass of things but excellence is the objective.

The struggle is not between isolationists and interventionists, radicals and conservatives, old dealers and new dealers, capital and labor, the administration and the public. It is a struggle of energetic men against passive men, of the alert against the inert, of the live-wires against the deadwood, and it is being waged inside every department and agency of the government. What the public has been hearing in the way of criticism of Washington is in the main not the back seat driving of self-appointed critics but the reflection, sometimes confused and even distorted but genuine, of the struggle of the effective men in the government service to break through the obstruction of the ineffective men.

(c) JOSEPH STALIN

"Speech to the Graduates of the Red Army Academies"*

What is needed for the new method of leadership? It is necessary, first of all, that our business leaders should understand the new state of affairs that now exists, that they should study concretely the new conditions of development of industry and change their methods of work to conform with the new conditions.

I recall an incident in Siberia, where I was at one time in exile. It was in the spring, at the time of the spring floods. About thirty men went to the river to pull out timber which had been carried away by the vast, swollen river. Towards evening they returned to the village, but with one man missing. When asked where the thirtieth man was, they unconcernedly replied that the thirtieth man had "remained there." To my question, "How do you mean, remained there?" they replied with the same unconcern, "Why ask? drowned, of course." Thereupon one of them began to hurry away, saying, "I have got to go and water the mare." When

* Joseph Stalin's Credo. Edited by M. R. Werner, adapted from pp. 93-94. 98-100, 139. Reprinted by permission of Crown Publishers. Copyright, 1940, Howell, Soskin, Publishers, Inc.

I reproached them for having more concern for animals than for men, one of them, amid the general approval of the rest, said, "Why should we be concerned about men? We can always make men. But a mare—just try and make a mare!"

Here you have a case, not very significant perhaps, but very characteristic. It seems to me that the indifference shown by certain of our leaders to people, to cadres, and their inability to value people, is a survival of that strange attitude of man to man displayed in the episode in far-off Siberia just related. And so, if we want successfully to overcome the famine in the matter of people and to provide our country with sufficient cadres capable of advancing technique and setting it going, we must first of all learn to value people, to value cadres, to value every worker capable of benefiting our common cause. It is time to realize that of all the valuable capital the world possesses, the most valuable and most decisive is people, cadres. If we have good and numerous cadres in industry, agriculture, transport and the army—our country will be invincible. If we do not have such cadres—we shall be lame on both feet.

In this connection there is too much talk about the merits of chiefs, about the merits of leaders. All or nearly all our achievements are ascribed to them. That, of course, is wrong, it is incorrect. It is not merely a matter of leaders. The point is that we have factories, mills, collective farms, Soviet farms, an army; we have technique for all this; but we lack people with sufficient experience to squeeze out of technique all that can be squeezed out of it. That is why the old slogan, "Technique decides everything," which is a reflection of a period we have already passed through, a period in which we suffered from a famine in technical resources, must now be replaced by a new slogan, the slogan, "Cadres decide everything." That is the main thing now.

Can it be said that our people have fully understood and realized the great significance of this new slogan? I would not say that. Otherwise, there would not have been the outrageous attitude towards people, towards cadres, towards workers, which we not infrequently observe in practice. The slogan, "Cadres decide everything," demands that our leaders should display the most solicitous attitude towards our workers, "little" and "big," no matter in what sphere they are engaged, cultivating them assiduously, assisting them when they need support, encouraging them when they display their first successes, advancing them, and so forth. Yet, in practice we meet in a number of cases with a soulless, bureaucratic and positively outrageous attitude towards workers. This, indeed, explains why instead of being studied, and placed at their posts only after being studied, people are frequently flung about like pawns. People have learned how to value machinery and to make reports of how many machines we have in our mills and factories. But I do not know of one instance when a report was made with equal zest of the number of people we have developed in a given period, how we assisted people to grow and become tempered in their work. How is this to be explained? It is to be explained by the fact

that we have not yet learned to value people, to value workers, to value cadres

And so, our task is to see to it that the working class of the USSR has its own industrial and technical intelligentsia

Stalin was not always so solicitous for individual Soviet personnel, and by his own admission was "obliged to handle some of these comrades roughly"⁷ Nevertheless, the Soviet search for competent administrators and "businessmen" has continued into the post war period⁸ This search has its counterpart even in the United States where we find a more highly respected form of industrial management and business administration However, the assumption that American management has shown a greater degree of competence in business and industry rather than in politics and government is being increasingly challenged Students of administration are aware of the rising criticism of the predominance of "average" men as business executives, the shortage of "doers" in our large enterprises, and "the insufficient competence of men to manage and improve the economic institutions they operate"⁹ The complaint still is heard in government that our domestic and especially our international affairs are "handled by little men,"¹⁰ and Bryce's criticism of our top leadership in government has been partly confirmed by more recent analyses In 1948, Arthur M Schlesinger, professor of history at Harvard University, taking as his guide the evaluation of fifty five fellow historians, produced the following rating six out of twenty nine American Presidents were rated "great," four "near great," eleven "average," six "below average," and two "failures"¹¹

Assuming that insufficient talent has been attracted to governmental administration, perhaps the major explanation is the inadequate recognition of public personnel, and particularly insufficient salaries As early as 1797, Alexander Hamilton complained that "the pecuniary emolument is so inconsiderable as to amount to a sacrifice to any man who can employ his time with advantage in any liberal profession"¹² Timothy Pickering, when he was Secretary of State,

⁷ Ibid The Soviet Union 1935, a Symposium New York International Publishers: 1935 p 6

⁸ Solomon M Schwarz "The Industrial Enterprise in Russia" Harvard Business Review Spring 1945 vol 23, pp 265-76

⁹ Robert D Calkins "A Challenge to Business Education" Harvard Business Review, Winter 1944 vol 23 p 1-8 Peter F Drucker The Concept of the Corporation New York The John Day Company, 1946 pp 38-39 Anonymous "Is Big Business a Career" Harper's Magazine January 1926, vol 152, p 215

¹⁰ The Christian Century, March 26 1927

¹¹ Life November 1, 1948 pp 68-74

¹² Letter, May 2, 1797, The Works of Alexander Hamilton, vol 10, p 259 Quoted by Lynton K Caldwell The Administrative Theories of Hamilton & Jefferson Chicago The University of Chicago Press 1944, p 85

had to refuse a dinner invitation extended by the British Minister because, he explained, "Congress do not allow persons holding executive offices under the United States (unless they possess private fortunes) to have any convivial intercourse with foreign ministers; and scarcely admit of it with the most intimate of their fellow citizens." Plaintively, he added: "It is deemed honor enough for executive officers to toil without interruption for their country and indulgence enough to live on mutton, mush and cold water."¹³

Governmental salaries have climbed slowly especially in the middle and top brackets, but even after the increases following World War I and II, pay in public posts still lagged behind remuneration awarded in comparable positions of responsibility in commercial and professional life.¹⁴

3. THE ULTIMATE PERSONNEL FUNCTION—HIRING AND FIRING

In the last analysis, practically every administrator has to struggle with insufficient salaries and resources, but despite these factors, he will be judged by the capacity and contributions of the men with whom he surrounds himself. Consequently, the power to hire and fire is not only the key power of the executive; the way in which the executive exercises this power will be a major determinant of his own success or failure. This conclusion was clearly understood by such great leaders as (a) Abraham Lincoln and (b) Napoleon Bonaparte.¹⁵

(a) Letter of Abraham Lincoln to Major General Hooker, January 20, 1863¹⁶

I have placed you at the head of the Army of the Potomac. Of course I have done this upon what appears to me to be sufficient reasons. And yet I think it best for you to know that there are some things in regard to which, I am not quite satisfied with you. I believe you to be a brave and skillful soldier, which, of course, I like. I also believe you do not mix politics with your profession, in which you are right. You have confidence in yourself, which is a valuable, if not an indispensable quality.

¹³ Pickering Papers, vol. 8, p. 204. Quoted by White: *The Federalists*, p. 197.

¹⁴ William E. Mosher and J. Donald Kingsley: *Public Personnel Administration*. New York: Harper & Brothers; 1941, pp. 443-49.

¹⁵ D. O. Lumley: "Napoleon Bonaparte as an Administrator." *Journal of Public Administration*, 1923, vol. 1, pp. 127-35.

¹⁶ Letter of Abraham Lincoln to Major General Hooker, January 26, 1863. Roy P. Basler (ed.): *Abraham Lincoln: His Speeches and Writings*. Pp. 693-94. Reprinted by permission of The World Publishing Company. Copyright, 1946, The World Publishing Company.

You are ambitious, which, within reasonable bounds, does good rather than harm. But I think that during Gen. Burnside's command of the Army, you have taken counsel of your ambition, and thwarted him as much as you could in which you did a great wrong to the country, and to a most mentorious and honorable brother officer. I have heard, in such a way as to believe it, of your recently saying that both the Army and the Government needed a Dictator. Of course it was not for this, but in spite of it, that I have given you the command. Only those generals, who gain successes, can set up dictators. What I now ask of you is military success, and I will risk the dictatorship. The government will support you to the utmost of its ability, which is neither more nor less than it has done and will do for all commanders. I much fear that the spirit which you have aided to infuse into the Army, of criticizing their Commander, and withholding confidence from him, will now turn upon you. I shall assist you as far as I can to put it down. Neither you nor Napoleon if he were alive again, could get any good out of an army, while such a spirit prevails in it. And now, beware of rashness—Beware of rashness, but with energy, and sleepless vigilance, go forward and give us victories.

(b) Letter of Napoleon to M. Fouché, June 3, 1810¹⁷

I am aware of all the services you have done me, and I believe in your attachment to my person and your zeal in my service nevertheless I should be failing in my duty to myself if I allowed you to remain in office. The position of Minister of Police demands absolute and entire confidence, and that confidence can no longer exist since you have already, in certain important circumstances endangered my peace, and that of the state, by conduct which is not excused in my eyes by the correctness of your motives. Your singular conception of the duties of a Police Minister cannot be reconciled with the good of the state. Though I have no doubt of your attachment or of your fidelity, yet I am obliged to be constantly on the watch—it tires me out, and I cannot be tied down to it. This supervision is necessitated by the number of things you do on your own responsibility, without finding out whether they may not be contrary to the whole trend of my policy. The result has been a complete upset of my international policy, and (if I were to overlook your conduct) a reflection upon my character which I cannot and will not endure. I wanted to tell you myself my reasons for depriving you of the Ministry of Police. I can see no hope that you are likely to change your way of doing things, because, for some years past, neither signal examples nor repeated statements of my displeasure have produced any effect, and because you are so sure of the purity of your motives that you refuse to recognise that the path of Hell is paved with good intentions. In spite of all, my confidence

¹⁷ Letter of Napoleon to M. Fouché June 3, 1810. *Napoleon Self Revealed* Translated and edited by J. M. Thompson. Adapted from pp. 271-72. Reprinted by permission of Houghton Mifflin Company. Copyright, 1934 Houghton Mifflin Company.

in your talents and your fidelity is unimpaired, and I am only anxious to find an opportunity to prove the one, and to employ the others in my service.

It is apparent that in order to obtain the necessary talent, executives sometimes must run the risk, as did Lincoln, of selecting men who think they are too big for their jobs. But at the same time they must always be on the alert, as was Napoleon, to discharge such men whenever they exceed the bounds of propriety. No measure of such limits can be predetermined. The test of whether an executive is big enough to manage his job depends on his ability to hire and hold on to men who may be more competent than he in certain fields.

4. SELECTION OF PERSONNEL

These cases are significant and at the same time exceptional. The preponderance of personnel problems in modern administration are handled en masse by a formal system of competitive examinations and other established procedures. This personnel system itself is not of modern origin. In *The Republic*, written 2500 years ago, Plato was equally concerned with proper procedures for selecting and training the "guardians" of the Greek city-states; and he established more drastic tests, involving the severing of all family ties and a rigorous training in music, literature, and gymnastics.¹⁸ The founders of the American republic were unwilling to entrust public management to such elite guardians, but there was nevertheless some element of aristocracy in the early American system. Washington put considerable emphasis on community standing as an element of fitness,¹⁹ a selective element that has prevailed to this day. More democratic was the ancient Chinese system of examination and recruitment described below by Hu Shih, Chinese ambassador to the United States, from 1938 to 1942. This system offers an interesting contrast to the American system as does the European practice also presented below by the German-American administrator and scholar, Arnold Brecht.

(a) HU SHIH

"Historical Foundations for a Democratic China"²⁰

About the year 120 B.C., the Prime Minister, Kung-Sun Hung, in a memorial to the throne, said that the edicts and the laws which were

¹⁸ Plato: *The Republic*. Translated by Benjamin Jowett. New York: The Colonial Press, 1901.

¹⁹ White: *The Federalists*, p. 259

²⁰ Hu Shih: "Historical Foundations for a Democratic China." Edmund J. James Lectures on Government, 2nd Series. University of Illinois Press; 1941. Reprinted by permission.

written in elegant classical style were often not understood even by the petty officers whose duty it was to explain and interpret them to the people. Therefore, he recommended that examinations be held for the selection of men who could read and understand the classical language and literature and that those who had shown the best knowledge should have the first preference in appointments to offices requiring the use of the written language. His recommendation was adopted and marked the beginning of the civil service examination system.

Tsao Tsao (d. 219 A.D.), one of the greatest statesmen of the age, worked out a system of classifying men into nine grades according to their ability, knowledge, experience, and character. When his son became Emperor in 220 A.D., this system of nine-grade classification was officially adopted for the selection of men for government service. Under this system, the government appointed a special official for each administrative area, who was called "Chung Cheng" (the Impartial Judge) and whose duty it was to list all possible candidates for office and all men of good family, and on the basis of public opinion and personal knowledge grade them into nine grades according to their deserts. This system, known in history as that of "Nine-grade Impartial Judgment," naturally involved much subjective opinion, family influence, and political pressure. It was humanly impossible to find an objective standard for the nine degrees of grading. After being tried out for fully four centuries, it was finally abolished under the Sui Dynasty, which re-unified the country in 589 after a long period of division, and instituted the Government Examination for civil service in 606.

From the beginning of the seventh century to the beginning of the twentieth century for 1300 years the main system of selection of men for office was by open and competitive examination. Roughly speaking, this system has undergone three stages of evolution. The first period, approximately from 600 to 1070, was the age of purely literary and poetic examination. There were other subjects such as history, law, the Confucian classics and others, in which examinations were regularly held. But somehow the purely literary examinations came to be the only highly prized and universally coveted channel of entrance into public life. The best minds of the country were attracted to this class of examinations and the successful candidates in these literary examinations usually attained the heights of governmental power more rapidly than those who took the other more prosaic examinations. The reasons for this peculiar pre-eminence of the literary and poetic examinations are not far to seek. While the other examinations required book knowledge and memory work, this class of ching shih (advanced scholars) was expected to offer creative poetic composition. These original compositions, required wide reading, wealth of knowledge, and independence of judgment. For these reasons the ching shih came practically to monopolize the civil service for almost four centuries, and great statesmen and empire builders came out of a system which, though fair, seemed completely devoid of practical training.

The second period of the civil service system may be called an age of transition. The purely literary examination had been severely criticized on the ground of its failure to encourage the youths of the nation to prepare themselves in the practical and useful knowledge of morals and government. In the year 1071, the reformer-statesman Wang An-shih succeeded in persuading his Emperor to adopt and proclaim a new system of examinations, in which the poetic compositions were entirely abolished and the scholars were required to specialize in one of the major classics as well as to master the minor classics. Under the new system the scholars were also asked to write an essay on some historic subject and to answer in detail three questions of current and practical importance. This new system was naturally severely attacked by the sponsors of the old poetic examinations. For two hundred years the government wavered between the two policies. The prose classical examination was several times discarded and again re-established. Finally the government compromised by offering a dual system placing the poetic composition and the prose classical exposition as two alternate systems for the candidates to choose.

Then came the third period during which the prose classical examination finally became the only legitimate form of civil service examination. The Mongol conquest of North China, and later of the whole of China, had brought about much interruption and dislocation of Chinese political life, including the abolition of the civil service examination system for many decades. When the civil service examinations were revived in 1314, the classical scholars had their way in triumphantly working out an examination system entirely centering around the Confucian classics. In order to make it more attractive to the creative minds, a special form of prose composition was gradually evolved which, though not rhymed, was highly rhythmic, often running in balanced sentences, and so rich in cadence that it could be often sing-songed aloud. All candidates were also required to write a poem on an assigned theme as a supplement to every examination paper. These new developments seemed to have satisfied both the desire for original poetic expression and the more utilitarian demand for a mastery of the Confucian classics which were supposed to be the foundation of the moral and political life of the Chinese nation. So this new examination system lasted from 1314 to 1905 with comparatively few radical changes in the general scheme.

(b) ARNOLD BRECHT

"The Relevance of Foreign Experience"²¹

In Great Britain less than 100 out of all those receiving salaries in the national service are exempt from merit selection. This figure includes the prime minister, the cabinet members, the parliamentary undersecre-

²¹ Arnold Brecht: "The Relevance of Foreign Experience." *Public Management in the New Democracy*. Edited by Fritz Morstein Marx. Selected from pp. 108-11. Reprinted by permission of Harper & Brothers. Copyright, 1940, Harper & Brothers.

tainers, the junior lords in the Treasury, and everyone else who can be called to office or recalled on the basis of his political affiliations. All other salaried employees in the national service are subject to merit qualifications, legally or practically. And the British mean it. In Germany the number of officials exempt from the merit principle in 1932, the last year of the democratic regime, was less than 70 in the federal service. This figure included, in addition to the ministers, all undersecretaries (11) and ministerial directors (36). In France the number of positions in the central government that had not been subjected to merit qualifications either by law or practice could be said to be definitely below 300, including the parliamentary undersecretaries, the members of the cabinet du ministre in each ministry, and part of the members of the *Conseil d'Etat*.

In the United States the number of exempt positions runs up to hundreds of thousands. In the federal service the proportion of exempt positions lies at present between about one fifth and one-third of the total. If one deducts the postal service with its large civil service force, the ratio of exempt positions would rise to one half. In the great majority of the states and counties the merit principle has not yet been established. The large cities are more advanced, thus in New York City less than one per cent were exempt in 1937. But despite such progress in individual cases, not far from 1,000,000 public employees in the United States (297,000 federal, about 150,000 state, and 500,000 local) were not yet under civil service in 1939.

(c) ARNOLD BRECHT

'Civil Service'²²

Great Britain, the United States and France have developed the open competitive examination as the ideal implement of the merit principle. In the American literature the terms merit principle and competitive examination are used almost as synonyms. In Prussia, however, although it was the first modern power to develop the merit principle, the method of open competitive examination has never been known either as a fact or as an ideal. Instead two pass examinations of a high standard, separated by a probationary and training period of several years, have served as the basis for admission to the higher categories. These divergent trends in method deserve closer consideration.

The system of open competitive examinations seeks out recruits for more or less specified vacancies in more or less specified agencies. It rests on the hypothesis that it is possible to establish an exact order of rank among competitors on the basis of an examination, so that the administration may duly be forced to accept the best rated candidate. In contrast, the German or rather Prussian method (for some southern German states

²² Arnold Brecht, *Civil Service*, *Social Research*, May 1936, vol. 3, selected from pp. 205-06, 217. Reprinted by permission.

had a kind of competitive examination) does not believe in a detailed order of rank disclosed by examination, but after a difficult pass examination admits a great number of applicants to coordinated probationary positions and later after a second pass examination gradually absorbs them into the more specialized posts.

One should not immediately conclude that the ancient Chinese or the modern European system are as clearly superior to the American practice as these writers imply. The Chinese examination was for the most part restricted in scope to classical poetry; at the same time it suffered from the most inventive forms of cheating imaginable and called for an expensive and by no means a foolproof system of proctoring.²³ Among other civilizations it is possible that the Mayan of Central America had developed a system of examinations for the public service more effectively attuned to their relatively advanced economy and techniques.²⁴

With due credit to its fine achievement, the modern British civil service system was long in the making. In 1726, Jonathan Swift satirized the entrenched British system of recruiting inexpert personnel. In *Gulliver's Travels* he described the "unhappy people" of Laputa, who believed in "choosing for employments persons qualified to exercise them."²⁵ During the nineteenth century, when men like Macaulay were struggling to plant the seeds of a national civil service by setting an example in such a remote and semi-governmental department as the Indian Service,²⁶ the English counties, boroughs, and parishes were suffering under an incapable and corrupt body of officials and employees.²⁷ It is true that the British developed their system of recruitment to a point where the Civil Service Commission could, after World War II, afford to spend the bulk of its time personally examining the applicants for the small number of annual openings in the British administrative class; but even the British are not certain that their system produces the necessary competence in

²³ Pao Chao Hsieh: *The Government of China*. Baltimore: The Johns Hopkins Press; 1925, chap. 6.

²⁴ Sylvanius G. Morley: *The Ancient Maya*. Stanford University: Stanford University Press; 1940, p. 162.

²⁵ *The Works of Jonathan Swift*. Edited by Sir Walter Scott. Edinburgh: Archibald Constable & Co.; 1824, vol. 11, p. 237. See also Richard Hayes: *Estimate of Places for Life*. London; 1728. Emmeline W. Cohen: *The Growth of the British Civil Service, 1780-1939*. London: George Allen and Unwin; 1941.

²⁶ This project was finally accomplished as a result of Macaulay's efforts in 1837. In 1854, the so-called Macaulay Report advocated the use of examinations for entrance to the British Civil Service; see Chapter 20, above. In 1855, the first Order-in-Council was issued relating to departmental examinations and to the Civil Service Commission.

²⁷ Sydney and Beatrice Webb: *English Local Government*. New York: Longmans, Green and Company, Inc.; 1906, 5 vols.

their administrative class to meet the crises of post war British society.²⁸ In the clerical and manipulative classes too, the British realize they cannot continue to recruit, as they did in the 1920's, on the basis of examinations containing such exercises as, "Describe some of the ways on which large sums of money may be raised for charity" Practical performance tests and short answer examinations used in America have been adopted in England

In the United States, the spoils system represents something deeper than a negative form of personnel selection. Contrary to the traditional view, it originated during the aristocratic period of Federalism rather than during the period of Jacksonian populism,²⁹ and it has since outlived the most persistent efforts to professionalize completely the public service. The most intense period of civil service reform following President Garfield's assassination was thought to have reached its culmination in 1896, when an American commentator spoke of "the final transfer of the whole federal service including 85,200 places, to the merit system."³⁰ But fifty years later, the number of federal patronage or "exempt" positions, that is, those not subject to either civil service or a formal merit system, was as large as the old estimate. Yet there was much less popular feeling or expert assurance that patronage appointments were wholly bad under the peculiar American conditions of alternating political parties, or wholly avoidable with the sudden expansion of government functions. The most reform minded of our chief executives—federal, state, and local—have found that they could not entirely dispense with patronage. Professor Wilson loudly declaimed against spoils, but he finally resigned himself to the number of appointments requested by Postmaster General and Party Chairman Burleson and merely asked, "Where do I sign?"³¹

Merit selection has nevertheless made steady progress in the United States, not only under formal civil service systems, but also under the impetus of a better system of education, so that in actual fact "men of intelligence may readily qualify themselves" and thus meet Jackson's prescription originally announced to justify his "spoils" appointments. When to the one million "spoils" appointments are added over a half million Americans occupying elective office for which only few have formal training or qualifications, the American personnel system takes on more realistic proportions

²⁸ D. N. Chester, *The Efficiency of the Central Government* (Public Administration, Spring 1948) vol. 26 pp. 10-15.

²⁹ White, *The Federalists* pp. 47, 272-75, 288-91, 310-11. See our Chapter 5.

³⁰ Edwin L. Godkin, *Problems of Modern Democracy* (Atlantic Monthly, July 1896) vol. 78 pp. 308-10.

³¹ Ray Stannard Baker, *Woodrow Wilson: Life and Letters* (Garden City: Doubleday, Page & Co., 1927-39) vol. 4 p. 47.

These pragmatic practices of American personnel selection will no doubt persist along with formal civil service selection. And within the approved system of civil service examinations, continued experiments may be expected. Thus, such devices as group performance tests³² to measure individual capacities in social and administrative situations, may supplement the traditional written tests or individual interviews as a measure of competence.

5. THE WORK OF THE CENTRAL PERSONNEL AGENCY

Selection of specialized and qualified personnel is only one of a large number of elements that make up the centralized and comprehensive type of personnel management,³³ not only in government but also in business and industry.³⁴ As it refers to government, this personnel system has been analyzed by William E. Mosher, the first dean of the Graduate School of Citizenship and Public Affairs at Syracuse University; and J. Donald Kingsley, professor of political science at Antioch College and a public official responsible for general duties on the White House staff and for specialized functions in Federal welfare and security agencies.

WILLIAM E. MOSHER AND J. DONALD KINGSLEY

Public Personnel Administration³⁵

Taken as a group, our public agencies are far and away the largest employers in the United States and are carrying on functions that overtop all others in their importance. The essential work of government is being conducted today by some 175,000 separate political jurisdictions which, in January, 1940, were employing over 12 per cent of all the gainfully occupied persons in the country. This great army of public servants totaled approximately 4,500,000 persons excluding relief workers. They were distributed among the major types of jurisdictions in the following manner:

NUMBER OF EMPLOYEES

Federal	1,296,000	
State	535,000 to	545,000
City	915,000 to	965,000
County, Township and minor units	500,000 to	615,000
Public education	1,208,000	
Total	4,454,000 to	4,629,000

³² Walter Cellhorn and William Brody: "Selecting Supervisory Mediators Through Trial by Combat." *Public Administration Review*, Autumn 1948, vol. 8, pp. 259-66.

³³ Henry F. Hubbard: "The Elements of a Comprehensive Personnel Program." *Public Personnel Review*, July 1940, vol. 1, pp. 1-17.

³⁴ Paul Pigors and Charles A. Myers: *Personnel Administration*. New York: McGraw-Hill Book Company, Inc.; 1947.

³⁵ William E. Mosher and J. Donald Kingsley: *Public Personnel Administration*. Selected from pp. 38-40, 89-100. Reprinted by permission of Harper & Brothers. Copyright, 1941, Harper & Brothers.

The range and variety of public employments are almost as comprehensive as a dictionary of human occupations. In the federal departmental service alone, a description of the 1,700 different classes of positions occupied over 800 pages of a report published in 1920, while the Personnel Classification Board needed over 1,300 pages to describe the more than two thousand different classes of positions in the federal field service in 1928.

The scope of public employment may also be measured in terms of payrolls. Various studies show that about one half of the operating public expenditures goes for wages and salaries. The aggregate amount on this single item exceeded \$3,898,000,000 in 1926 according to the estimate made by Mosher and Polak. Despite the nation-wide drive for retrenchment in governmental expenditures, this item increased to \$6,095,000,000 by 1940.

The conception of the personnel agency as first and foremost a 'politics eliminator' is one which belongs to the horse and buggy age. Gradually, it is giving way in a few of the more progressive jurisdictions to a view which envisages the personnel department as engaged in developing incentives, stimulating morale, administering the classification and compensation plans, rating the service value and efficiency of employees, and generally promoting policies and methods that make for greater efficiency and better esprit de corps. Taken all together [these functions] constitute a comprehensive and up-to-date employment program both for public and for private enterprises.

1 **Classification—Jurisdictional.** One of the basic functions of the civil service commission is the determination of which classified positions—i.e., positions subject to the commission's control—shall be filled by competitive examinations and which exempted therefrom.

2 **Classification—Duties.** This second type of classification consists in the grouping of positions as to similarity of duties, qualifications, and experience necessary to fill the given position.

3 **Recruiting.** Obviously, the development of sources of supply for promising candidates is a regular duty of a civil service commission.

4 **Selection and Certification.** There are a number of steps in the performance of these functions, not all of which need to be considered at this point. Foremost among them, however, is the determination of the best qualified in terms of particular tests of fitness. The next step in the selection process is certification—the submission to the appointing officer of one to five names, depending upon the jurisdiction. In the final step the appointing officer transmits his decision to the civil service commission, which enters the name, date of appointment, and other personal data on its employment records or roster.

5 **Probation.** Although the standard provision for three months to one year of probation in the new position is theoretically considered an integral part of the selective process, affording an opportunity for the

supervisory official to try out the new appointee on the job, the probation period is almost universally ignored.

6. *Service Ratings.* An effective system of service or efficiency ratings is of great importance in personnel administration. It comes into play in connection with salary advances, promotions, layoffs, transfers, removals, and the like.

7. *Transfers.* A satisfactory transfer policy calls for contact on the part of the central agency with supervisors and individual employees.

8. *Promotions.* Many commissions have the authority to give examinations covering promotions from a lower to a higher class, thus providing that opportunity for growth which should be the common right of all workers.

9. *Reinstatement.* The practice is well established for commissions to determine the order of reinstatement of employees who have been laid off for one reason or another.

10. *Training and Education.* Two types of training are generally accepted as functions of a modern personnel division. One is training for the position occupied; the other, training for promotion.

11. *Attendance.* The term "attendance" is used to cover tardiness, absenteeism, and leaves. As it is customary to grant discretion to the administrative heads with regard to matters of attendance, a considerable variety of policies appears within one and the same jurisdiction.

12. *Separations.* It is in the interest of the service that a central agency have responsibility in connection with any type of separation, on the ground that each and every employee represents an investment which ought, if possible, to be conserved.

13. *Discipline.* Disciplinary action necessarily originates with the administrative and supervisory officials. The extent to which the commission may influence such action will depend upon the co-operative relations existing between the supervisory staff and the staff of the commission.

14. *Appeals.* It is not unusual for appeals to be taken to the commission either with regard to the standing of candidates as a result of examinations or classifications or with respect to disciplinary action initiated by the supervisory staff.

15. *Compensation.* There are few aspects of public employment policy where the lack of central supervision has been more injurious than with regard to the wage and salary policy. The reasons for a lack of standards are more or less obvious. Appropriating bodies are generally accustomed to make appropriations for salary purposes with reference to titles, but when positions have not been classified on a duties basis, as they have not been in many jurisdictions, one and the same title may denote a dozen or more types of positions.

16. *Checking of Payrolls.* The checking of payrolls on the part of the civil service commissions is an important safeguard against abuses and one that is incorporated in the text of civil service laws of several states and municipal organizations.

17 **Superannuation** Some method of pensioning superannuated employees is essential in a permanent organization such as the government, particularly when so large a body of workers devote their whole lives to its service

18 **Grievances and Suggestions** The establishment of a system whereby the employees may have easy access to their superiors, relieving themselves of grievances and permitting suggestions that will facilitate their work improve efficiency, and the like, is recognized as a vital part of a modern personnel program

19 **Health, Recreation, and Welfare** The health and welfare of the workers are presumably the concern of the heads of the operating units. But with some exceptions the latter seem to give little thought to this phase of their duties. So far as the personnel agency concerns itself with welfare and recreation it will serve in an advisory and stimulating capacity

20 **Work Environment** Judging by the type of working conditions which one finds in many government buildings—the state of toilets, hallways, drinking facilities, illumination, and the like—one would assume that responsibility for them is left to the discretion of the janitors. Here, again, the function of the personnel division is more one of stimulation than of taking responsibility for actual supervision

21 **Co-operation of Employees** With the creation of the National Labor Relations Board a new status for workers has been assured as the law of the land. Quite apart from the implications of the New Deal program employee representation is deserving of the attention of executives because of the substantial benefits that may be derived from giving the workers a recognized status in connection with the public enterprise with which they are identified. It opens a channel of communication between the working force and management and leads to increased understanding and co-operation

22 **Co-operation of Executive Personnel** Let the head of the personnel staff have as broad a grasp of suitable functions as you please, the success of his efforts will still depend upon the understanding and good will of those actually engaged in carrying on the work of the establishment—that is, the line officials

23 **Rules and Regulations** The setting up of rules and regulations for carrying out the provisions of the general civil service law is normally assigned to the civil service commission

24 **Investigation of Operation of the Law** To make the rules and regulations and the provisions of the basic law effective, the commission should be and usually is authorized to make such investigations as it sees fit

25 **Research** Until the problems of personnel are satisfactorily solved and the whole field has been explored, no personnel agency may rest on its oars. If one glances through the functions discussed above it will

be apparent that a continuous policy of research is called for on practically every item from classification to investigations of the operations of the law.

26. *Public Relations.* In addition to the usual annual and periodic reports and newspaper releases of the personnel agency which reports its own activities and policies, it will be suggested in a subsequent chapter that the agency may properly concern itself with the problem of training all those officials who come into contact with the public.

With three or four exceptions the functions listed above are common to some public and private employment departments but by no means to all. With such exceptions all of them are actually being performed by the personnel division in enlightened private concerns, where they have passed through the experimental stage and are accepted as a matter of course and justified in the name of good business.

Of all of these specific functions, position classification and compensation schedules have, in addition to the process of recruitment, consumed an unusual amount of attention on the part of personnel administrators. This emphasis probably arises from the importance in American democracy of the theory of "equal pay for equal work." The enforcement of such a principle requires an objective basis for determining what jobs or positions constitute "equal work" in terms of comparable duties and responsibilities. Moreover, a classification of positions containing a detailed description of duties, training, experience, knowledge, and abilities required for each job is a prerequisite to the elaborate recruiting and testing system in both government and industry. In the Federal government alone, the resulting classification system is an elaborate schedule of services ("P" or professional, "C-A-F" or clerical-administrative-fiscal), grades (from 1 to 16), and classes (junior, senior, or principal), to which all individual positions are allocated.³⁰ Some critics feel that intricate structure and complex terminology in the Federal classification is useful as a means of enabling conscientious congressmen to explain to their constituents why it is difficult to qualify for civil service as well as a means of arriving at the American ideal of equal pay for equal work.

Classification systems and the periodic reclassifications required by the changing duties and functions of government is a continuous and costly process in many state and local jurisdictions as well as in Federal departments. American industry, which preceded govern-

³⁰ White: *Introduction to the Study of Public Administration*, 1948, chap. 25. Richard W. Cooper: "Position Classification in the War Program." *Personnel Administration*, April, 1942, vol. 4, pp. 1-10.

ment in perfecting the process of personnel classification,³⁷ also finds itself constantly grading and regrading positions. The whole system is characteristically American. These elaborate classification plans, constant reclassifications, and highly paid classification experts are relatively unknown in European personnel management. The British have used a broad classification involving (1) the administrative class, (2) the executive class, (3) the clerical class, and (4) the writing assistant class,³⁸ but their entire mechanism of civil service classification and administration is less formalized. Except for British pension legislation, there are no parliamentary statutes dealing with the civil service comparable to the American civil service or classification laws.³⁹ On the other hand, neither the American nor the British system will appear so unique to modern enthusiasts of personnel administration if they study the details of ancient systems. Aristotle's description of the Athenian constitution, for example, contains the data of a combined modern administrative manual and a personnel classification plan.⁴⁰

The mechanical approach to personnel management reached its height with the installation of punch cards, sorting, and grading machines to enable central agencies to handle the burden of civil service recruitment and examinations as well as payrolls and other personnel procedures.⁴¹ These devices were undoubtedly helpful and advisable aids to the enforcement of the merit system, but despite the progress of mechanical devices and electronics, the automatic human application of selective judgments is a remote possibility.⁴²

The dehumanizing dangers of formal personnel controls have been apparent in other personnel procedures. In order to systematize absentee privileges, one agency supplied employees during the 1930's with booklets containing a supply of detachable "annual and sick leave" coupons, ranging from "15 minute" to "½ day" coupons. Dominated by the function of filling the great mass of clerical, manipulative, and minor administrative positions under a fair and objective system of selection, the central civil service agencies of the

³⁷ The city of Chicago was the first governmental jurisdiction to establish a comprehensive classification. Three years previous to the Chicago example in 1909 J. Shirley Eaton reported that the railroad was the first industry in point of time to assemble great bodies of men highly organized in grades as well as kinds of services. *Education for Efficiency in Railroad Service*. U. S. Bureau of Education Bulletin No. 10, whole No. 420.

³⁸ Civil Service National Whitley Council Reorganization Committee. "Report of the Joint Committee on Reorganization (Reclassification)," February 17, 1920.

³⁹ See n. 25.

⁴⁰ Aristotle. *The Athenian Constitution*. Translated by H. Rackham. Cambridge: Harvard University Press, 1935.

⁴¹ Reuben Horchow. *Machines in Civil Service Recruitment*. Civil Service Assembly Pamphlet No. 14. October 1939.

⁴² Norbert Wiener. *Cybernetics*. New York: John Wiley and Sons, Inc., 1948.

United States have assumed the function of "processing a multitude of personnel transactions" rather than the overall management of personnel and staff problems.⁴³

6. DECENTRALIZED AND DEPARTMENTAL PERSONNEL MANAGEMENT

The operating departments or agencies, in contrast to the civil service commissions or central personnel agencies are less directly concerned with overall standards of personnel selection and administration. But they too have a major stake in personnel management since it is their responsibility to initiate, supervise, process, and terminate the employment of their personnel. The operating department's point of view about fitting in with the detailed controls of the central civil service agency is presented below by two men who have been operating officials: (a) Oliver C. Short, an official of the Department of Commerce; and (b) John Fischer, an editor and writer with extensive wartime service as a federal official.

(a) OLIVER C. SHORT

"The Functions of a Departmental Personnel Officer"⁴⁴

There is a transmitting end and a receiving end to the line of this thing called personnel administration. The significance of this statement is not always recognized by personnel administrators. A department of government is created to carry on some work that the unit of government has undertaken. It may be a large department made up of several component parts, or it may be a small one. It has a function, technical and administrative. It has a responsibility. It is charged with a duty to perform. It is expected to carry these responsibilities and to perform these duties creditably and effectively. It cannot escape the responsibilities nor pass the duties to anyone else. Yet it is not independent. It is responsible to higher authority. Individual as the several departments are, this responsibility to the same higher authority synchronizes all of them into one composite whole. The synchronizing of the several departments into a composite whole gives a basis for the creation of a central personnel department with responsibility over the personnel problems; the greatest common factor of all the departments.

But this constitutes only the transmitting end of the line. A well-rounded, complete, and properly functioning personnel program compre-

⁴³ The Commission on Organization of the Executive Branch of the Government, "Personnel Management," Feb. 1949, p. 9.

⁴⁴ Oliver C. Short: "The Functions of a Departmental Personnel Officer." *Proceedings of the Twenty-Eighth Annual Meeting of the Civil Service Assembly of the United States and Canada*. 1936, selected from pp. 96-97, 99. Reprinted by permission.

hends the receiving end as well as the transmitting. And I am convinced that just as well qualified, technically trained, professional personnel administrators are required at the receiving ends as at the transmitting end. Whenever a central personnel agency by an assumed place as a super or extra governmental agency, by a dogmatic, dictatorial attitude, by a too strict adherence and enforcement of too rigid rules and regulations, endeavors to dictate a complete personnel program, and to take over the administration of a large number of the personnel problems that reasonably belong to the individual departments, friction and resentment are bound to result. And in such conflicts the central agency has been in the past, and properly should be, the loser.

The departments have technical and administrative duties to perform, and that part of the personnel program that develops skills, industry, efficiency, loyalty, integrity, and contentment, belongs, in the greatest degree, to the department. If handled effectively, it will not only result in superior performance, it will also lessen the tendency for workers to seek outside influence and backing. Yet I would not do all or any of these things in defiance of, in opposition to, or even without a central personnel agency. I would still fit them all into a well rounded personnel program for the whole unit of government with the Civil Service Commission and its part of the personnel program (between that which belongs to the central office and that which belongs to the departments there is no sharp line of demarcation) as the hub.

If I should return at any future time to the field of central personnel control, I would strive, in the light of my present experience and convictions to establish such a decentralized yet coordinated system of personnel administration, and would endeavor to set the pace, shape the structure, stimulate the performance, and coordinate the results of a complete, well rounded and comprehensive program, but would not strive to be the sole operating agent.

(b) JOHN FISCHER

"Let's Go Back to the Spoils System"⁴⁵

What's gone wrong with Civil Service is easy enough to find out. You can get the story, in almost identical terms, from anybody who has ever held an executive job in Washington.

First of all, it's too slow. If you were an administrator in urgent need of a new assistant, you might hope to get somebody on the job—with luck and infinite finagling—in six or eight weeks. (He wouldn't be the man you want, of course.) In wartime the pace was a little faster—there were even cases in which a man was hired within a week—but even then par for the course was at least a month. If you wanted to beat that,

⁴⁵ John Fischer "Let's Go Back to the Spoils System" *Harper's Magazine*, October 1945, vol. 191, selected from pp. 362-64. Reprinted by permission.

you had to "hand process" the appointment, personally carrying the sheaf of papers through the maze of the agency personnel office and the Civil Service Commission, and mobilizing all the pressure you could, including telephone calls from the applicant's congressman.

When you want to fire a man, the procedure naturally is more tedious. In theory, it is as easy to get rid of an incompetent in the government service as it is in private industry; in practice, the ordeal may drag on for six or eight painful months. If you are an experienced administrator, you will never try to fire anybody—you will foist him off on some unsuspecting colleague in another bureau, or transfer him to the South Dakota field office, or reorganize your section to abolish his position.

I once spent a whole winter trying to "terminate," as Civil Service puts it, an elderly female clerk who had become so neurotic that no other woman could work in the same room with her. This involved written charges, interviews with my tearful victim, protests from her senator, indignant union delegations, and formal hearings before a panel of personnel experts. In the end I gave up and arranged for her transfer, with a raise in pay, to the staff of a trusting friend who had just joined the government. She is there to this day, chewing paper clips, frightening secretaries, and muttering to herself as she misfiles vital documents; I think of her every time I pay my income tax. My friend, who no longer speaks to me, is trying to get her transferred.

Even worse than the Civil Service Commission's leisurely gait is its delight in harassing the operating officials who are responsible for running the government. The typical administrator may spend as much as a third of his time placating the commission and the hordes of minor personnel specialists who infest Washington. He draws organization charts, argues with classification experts, fills out efficiency ratings, justifies the allocation of vacancies, and listens to inspiring lectures on personnel management until he has little energy left for his real job. He may search for hours for those magic words which, properly recited in a job description, will enable him to pay a subordinate \$4,600 instead of \$3,800. (The phrase "with wide latitude for exercise of individual initiative and responsibility" is nearly always worth \$800 of the taxpayers' money; but it took me two years to find that out.)

No bureaucrat can avoid this boondoggling. If he fails to initial a Green Sheet or to attach the duplicate copy of Form 57, the whole machinery of his office grinds to a halt. If he deliberately flouts the established ritual, or neglects to show due respect for the personnel priesthood, his career may be ruined and his program along with it. In a thousand subtle ways the personnel boys can throw sand in the gears. They can freeze appointments and promotions, block transfers, lose papers, and generally bedevil any official who refuses to "co-operate." If they bog down a government project in the process, that is no skin off their backs—nobody can ever hold them responsible.

Nor can the administrator escape the Civil Service investigators,

who drop in once or twice a week to question him about the morals, drinking habits and possibly treasonable opinions of some poor wretch who has applied for a federal job. These investigators often are amusing fellows. I got well acquainted with one who formerly had been a small town private detective. He had an uncommonly prudent mind which led him to handle every case as if he were working up adultery charges for a divorce suit. Nearly all of them operate on the theory that anybody willing to work for the government must be a scoundrel, probably with Communist tendencies, who could never hold a job anywhere else. They have a boundless appetite for gossip and they waste a lot of other people's time. What purpose they serve is obscure because their investigations often are not completed until five or six months after the new employee starts work. If he actually were as villainous as they seem to suspect, he would have plenty of time to sell the country's secrets to a sinister foreign power before the investigators caught up with him.

These are minor indictments, however. The really serious charge against the Civil Service system is that it violates the most fundamental rule of sound management. That rule is familiar to every businessman: when you hold a man responsible for doing a job, you must give him the authority he needs to carry it out. Above all, he must be free to hire his own staff, assign them to tasks they can do best, and replace them if they don't make good.

Frederic C. Howe similarly complained in 1925: "America has paid a heavy price for its permanent classified service. In Washington at least it would be better if we had the spoils system, with all of its evils, in those offices that have it in their power to shape policies, to control executive action, and to make the state a bureaucratic thing."⁴⁶ Certainly it is true that more recent Federal functions, such as emergency public works under the Public Works Administration or regional power administration under the Tennessee Valley Authority, were exempted from the Federal civil service laws. Nevertheless, these agencies were able to conduct a model merit system of their own. The United States Civil Service Commission, however, also made some basic adjustments. Not only did the merit system survive the intense demands of speed and specialization called for by war and emergency conditions, a substantial amount of personnel administration was effectively decentralized to the regional offices of the Commission.⁴⁷ The Commission continued its mass examina-

⁴⁶ Frederic C. Howe, *Confessions of a Reformer* (New York: Charles Scribner's Sons, 1925), p. 256.

⁴⁷ Gladys M. Kammerer, "An Evaluation of Wartime Personnel Administration," *Journal of Politics*, February 1948, vol. 10, pp. 49-72; Floyd Reeves, "Civil Service as Usual," *Public Administration Review*, Autumn 1944, vol. 4, pp. 328-33.

tions involving service-wide classes of positions, but some seven hundred departmental examination boards were established in both Washington and in the field. The rigidities concerning dismissals which John Fischer pointed out may have continued in the Federal service, but a study of this problem in 1946 in the state and local jurisdictions showed that the individual department's or supervisor's decisions to dismiss were reversed in only five percent of the cases.⁴⁸

Undoubtedly, the American personnel system had become too negative, formalized, and centralized; but after the lessons learned during the period of economic readjustment and emergency administration in the 1930's and 1940's, a reaction set in, and a more positive, flexible, and decentralized system of personnel management began to evolve.

7. PERSONALITY AND MANAGEMENT

The positive change manifested itself in the growing recognition of personality and individuality. Before and during World War I a slow growth of psychological research and the applied techniques in such fields as testing was evident. In the late 1920's, Professor Leonard D. White began his studies of prestige in public administration, which gave a similar emphasis to some of the less tangible but more powerful impulses to public service.⁴⁹ Among the most fundamental researches in the 1920's and 1930's which contributed to the newer understanding of personnel management were:

(a) The Western Electric Company experiments at its Hawthorne Plant in Chicago and Cicero, Illinois. This company supplemented in the 1920's its employee welfare and recreational program with a set of on-the-job experiments designed to determine the circumstances accompanying increases and decreases in production. The experiments were carried on in collaboration with the staff of the Harvard Graduate School of Business Administration, including Professors Elton Mayo and Thomas N. Whitehead, and under the direct supervision of F. J. Roethlisberger of Harvard and William J. Dickson, Chief of Employee Relations for Western Electric.⁵⁰ After years of experiments with such factors as changes in workshop lighting or changes in wage rates, Roethlisberger and Dickson concluded

⁴⁸ Barbara Brattin: "The Dismissal Pattern in the Public Service." *Public Personnel Review*, October 1947, vol. 8, pp. 211-15.

⁴⁹ See Chapter 7, n. 51.

⁵⁰ F. J. Roethlisberger and William J. Dickson: *Management and the Worker*. Cambridge: Harvard University Press; 1941, Preface and Introduction.

that among the most important factors were the social psychological considerations indicated below⁵¹

(b) The clinical studies of Harold D. Lasswell. Professor Lasswell started his clinical observations of political leaders and administrative personalities in the 1930's at the University of Chicago. Although his studies centered mainly on pathological personalities and traumatic circumstances, his findings also cast light upon the non logical behavior of workers under the normal administrative situations.

(a) F. J. ROETHLISBERGER AND WILLIAM J. DICKSON

*Management and the Worker*⁵²

Why is it, then, that sometimes logical plans do not work out as intended? The answer would seem to lie in the fact that frequently plans which are intended to promote efficiency have consequences other than their logical ones, and these unforeseen consequences tend to defeat the logical purposes of the plan as conceived. Let us consider some of these possible non logical consequences.

First, technical innovations make for changes in the worker's job and through the job may have profound consequences to the employee. For in so far as his job is changed, his position in the social organization, his interpersonal relations, his traditions of craftsmanship, and his social codes which regulate his relations to other people may also be affected.

Secondly, the worker must frequently accommodate himself to changes which he does not initiate. Many of the systems introduced to improve his efficiency and to control his behavior do not take into account his sentiments. Because of his position in the company structure, at the bottom level of a well stratified organization, he cannot hold to the same degree the sentiments of those who are instituting the changes.

Thirdly, many of these same systems tend to subordinate the worker still further in the company's social structure. For instance, some of the incentive schemes and the procedures connected with them—job analysis, time and motion studies—apply for the most part only to the shop worker.

That jobs are socially ordered is a fact of the greatest importance. For it will be seen that in so far as this holds true, any change in the job may very likely alter the existing routine relations between [various] people within the factory. The following incident illustrates how important

⁵¹ See also Elton Mayo, *The Human Problems of an Industrial Civilization* (Boston: Harvard Graduate School of Business Administration, 1946); Thomas North Whithread, *The Industrial Worker* (Cambridge: Harvard University Press, 1938), 2 vols.

⁵² F. J. Roethlisberger and William J. Dickson, *Management and the Worker*. Adapted from pp. 544-46. Reprinted by permission of Harvard University Press. Copyright 1941, Harvard University Press.

such small things become in situations permeated with social significance.

The personnel of one of the departments interviewed was moved from one building to another. In the new location, because of lack of space, it was found necessary to seat four people across the aisle from the remainder of the group. It happened that there were three women in the department who were given desks across the aisle so that their going would not necessitate a rearrangement of desks. The fourth person, a man, was given a desk there simply because there was no other place for him to sit. In choosing the fourth person, the supervisor was undoubtedly influenced by the fact that he was older than the rest of the group and was well acquainted with the three women. But, beyond that, nothing was implied by the fact that he was chosen. Now see how this employee interpreted the change in his seating position. He felt that his supervisor evaluated him in the same way in which he evaluated the women. The women were being transferred to other types of work; consequently, he felt that he too would be transferred before long. Two of the women were being returned to jobs in the shop. He felt that he himself might be transferred to the shop; and there was nothing he dreaded more. Having dwelt on speculations like these for a while, the employee recalled with alarm that his name had been omitted from the current issue of the house telephone directory. This omission had been accidental. The house telephone directory, however, constituted a sort of social register. Names of shop people below the rank of assistant foreman were not printed unless they were employed in some special capacity requiring contacts with other organizations. With the exception of typists and certain clerical groups, the names of all office people were listed. The fact that his name had been omitted from the directory now took on new significance for the employee. It tended to reinforce his growing conviction that he was about to be transferred to a shop position. He became so preoccupied over what might happen to him that for a time he could scarcely work.

(b) HAROLD D. LASSWELL

*Psychopathology and Politics*⁵³

Some administrators are full of ideas and others are seldom attracted by novelty. Some do their best work under a rather indulgent chief; others fall to pieces unless there is strong pressure from above. There are administrators who derive their influence over subordinates from the authority of their positions rather than from the authority of their personalities. There are some who may be depended upon for the conscientious performance of detailed tasks, while others neglect details and think in terms of general policy.

Very original and overdriving administrators seem to show a fun-

⁵³ Harold D. Lasswell: *Psychopathology and Politics*. Adapted from pp. 78-79, 127, 151-52. Reprinted by permission of The University of Chicago Press. Copyright, 1930, The University of Chicago Press.

damental pattern which coincides with that of the agitators. From the standpoint of the administrative mind we may say that an agitator is one who exaggerates the difference between one rather desirable social policy and another much as the lover according to Shaw is one who grossly exaggerates the difference between one woman and another. The agitator is willing to subordinate personal considerations to the superior claims of principle. Ever on the alert for pernicious intrusions of private interests into public affairs the agitator sees unworthy motives where others see just claims of friendship. Believing in direct emotional responses from the public the agitators trust in mass appeals and general principles. Relying upon the magic of rhetoric they conjure away obstacles with the ritualistic repetition of principles. They become frustrated and confused in the tangled mass of technical detail upon which successful administration depends. Agitators of the pure type when landed in responsible posts long to desert the official swivel for the roving freedom of the platform.

Another group of administrators is recruited from those who have passed smoothly through their developmental crisis. They have not overrepressed powerful hostilities but either sublimated these drives or expressed them boldly in the intimate circle. They display an impersonal interest in the task of organization itself and assert themselves with firmness though not with overemphasis in professional and in intimate life. They can take or leave general ideas without using them to arouse widespread effective responses from the public. Tied neither to abstractions nor to particular people they are able to deal with both in a context of human relations impersonally conceived.

Lasswell's forays into the field of psychoanalysis were more relevant than they appeared to some critics. His formulations have subsequently been used in applied political science and political economy. For example his agitator types were recognized as being more useful as administrative leaders during the founding stages of organizations like labor unions and during the promotional stages of public agencies such as departments performing newer governmental functions. At the same time it was also recognized that the balance and maturity of the purer administrative type of personality would be required for the more routine or advanced management of successful concerns and established departments.⁶⁴

Nevertheless psychological technique and tests in personnel management have run the risks of fadism. There has been a danger of

⁶⁴ F. H. Harbison, *Leadership in Labor Unions*, *Bulletin of the Society for Social Research*, November 26, 1940; D. mock, *The Executive in Action*, pp. 14-16. See also Gabriel A. Almond and Harold D. Lasswell, *Aggressive Behavior of Clients Toward Public Relief Administrators*, *American Political Science Review*, August 1934, vol. 28, pp. 643-55.

overemphasis or oversimplicity in this as in other creative approaches to administration. Just as some writers have criticised POSDCORB, so have they attacked glib formulae proposed for personnel management, such as ULOPDA ("ultimate limit of the possibility of developing abilities").⁵⁵ But the influence of modern psychology upon administration and particularly personnel management has nevertheless been noticeable. The therapeutic aspect alone was officially recognized by the President's Committee on Civil Service Improvement when it recommended in 1941 that "effective psychological and psychiatric services . . . be provided upon request for all agencies either by the U. S. Civil Service Commission or the U. S. Public Health Service."⁵⁶

8. HUMAN RELATIONS AND MANAGEMENT

Employee benefits, such as gifts, bonuses, health, and welfare services are an old series of devices designed to improve management-employee relations in industry. These devices date back at least to Robert Owen, "the pioneer of personnel management" of the British Industrial Revolution.⁵⁷ Upon them a newer sense of participation by employees has been superimposed that goes far beyond the old conception of management-employee relations. The newer view is demonstrated in contributions from: (a) Henry Ford, speaking from the cumulative experience of three generations of automobile manufacturing, and (b) John J. Corson, a social security administrator during the 1930's and the 1940's, and President of the American Society of Public Administration in 1949.

(a) HENRY FORD

"Challenge of Human Engineering"⁵⁸

There is a whole vast area in which we are only beginning to make significant progress—what we might call the field of human engineering. Machines alone do not give us mass production. Mass production is

⁵⁵ This term was coined by Herman H. Young. J. L. Rosenstein: *Psychology of Human Relations for Executives*. New York: McGraw-Hill Book Company, Inc.; 1936, p. 156, Chapter 31.

⁵⁶ This was the so-called Reed Committee. House of Representatives, Document no. 118, 77th Cong., 1st Sess., p. 7.

⁵⁷ Urwick and Brech: *The Making of Scientific Management*, vol. 2, *Management in British Industry*, Chapter 4, p. 33. Sheldon: *The Philosophy of Management*, Chapter 3.

⁵⁸ Henry Ford: "Challenge of Human Engineering." *Advanced Management*, June 1946, vol. 11, selected from pp. 48-51. Reprinted by permission.

achieved by both machines and men. And while we have gone a very long way toward perfecting our mechanical operations we have not successfully written into our equations whatever complex factor represents MAN, the human element. I am suggesting, therefore, that we try to rewrite the equations to take into account the human factor. If we can solve the problem of human relations in industrial production, I believe we can make as much progress toward lower costs during the next ten years as we made during the past quarter century through the development of the machinery of mass production.

In approaching the complex problems of human relations, I believe that management must take the initiative for developing the relationships between labor and management. Labor has a great opportunity to achieve stature through assuming greater responsibility. But I consider that management is in charge, that management must manage, and that the test of management is whether or not it succeeds. I assume, for example, that all of us agree that Labor Unions are here to stay. Certainly, we of the Ford Motor Company have no desire to "break the Unions," to turn back the clock to days which sometimes look in retrospect much more attractive than they really were. The truth of the matter is that the Unions we deal with rose out of the very problem we are discussing—the human problems inherent in mass production. We do not want to destroy the Unions. We want to strengthen their leadership by urging and helping them to assume the responsibilities they must assume if the public interest is to be served.

It is clear, then, that we must look to an improved and increasingly responsible Union leadership for help in solving the human equation in mass production. Union leaders today who have the authority to affect industrial production on a vast scale enjoy a social power of enormous proportions. If they are going to be real leaders they must accept the social obligations that go with leadership. What is needed today is industrial statesmanship—from both labor and management. There is no reason, for example, why a grievance case should not be handled with the same dispatch as a claim for insurance benefits. There is no reason why a union contract could not be written and agreed upon with the same efficiency and good temper that marks the negotiation of a commercial contract between two companies. Communication between management and employees in large mass production plants is another important field in which we can work. In any large group of people working together it is a basic requirement that good lines of communication exist. There will always be plans and estimates, information about new styles and new engineering and other data, which management must guard closely because they are the very elements on which tough competition is based. But information about company objectives and accomplishments should be made available to all. People want to know what the other people they work with are doing and thinking. They want to know what "the Score" is.

(b) JOHN J. CORSON

"Management—Tongue-tied, Deaf and Blind?"⁵⁹

The problem of how, when, what and why management talks or writes to its employees, and how and what it learns from its employees is no new one. Yet the problem has grown apace as the size of establishments has grown, particularly while erstwhile small plants mushroomed during the war. Even when two people work together, each must understand what the other is trying to do and how. They may talk to each other, write to each other, or, if they are deaf mutes, make signs with their hands. However they do it, they must get their ideas from one to the other, and vice versa. They must achieve some common understanding. In this simple sense the process of communication is the basic problem of management. It is amazing that students of management have given as little attention to questions as to how to get ideas and orders across to employees; how to learn what is on their minds; and how to get them to talk back freely and frankly—in short, how to enable both workers and management to know "what the score is." Dr. Kettering of General Motors spoke a decade ago of having remarked to a group of shop workers that it required a whole year for a decision of the board of directors to find its way down to application in the shop. A worker sarcastically rejoined: "And how long does it take for an idea of one of the men in the shops to find its way up to the board of directors?"

The average worker wants to matter. The lowliest manual worker glows with pride when he is complimented because he has dug his ditch with straighter sides than his fellow workers. The clerk takes pride in knowing that the routine statistical report she prepares is read by the boss himself. Just a few days ago a fellow said to me: "You know there is something more important to work for than money. I'll work as hard as any man as long as I'm interested in the job, as long as it seems worthwhile. But I'll spit in the face of any man, no matter how much he wants to pay me, if he expects me to work blind, to plug ahead like a machine at something unimportant and uninteresting." Yet too few employers try to communicate to employees an understanding of those objectives and plans which would reveal no competitive secrets and would make them feel that their part is essential to the success of the enterprise. Managements frequently overlook the simple psychological fact that workers want to know what is going on. They want to know why they are doing what they are doing; they want to feel a part of the team. If they are made to feel they belong, they will be more productive workers. If these facts are accepted, what then are the mistakes to be avoided in perfecting organizational communication?

⁵⁹ John J. Corson: "Management—Tongue-tied, Deaf and Blind?" *Advanced Management*, September 1946, vol. 11, adapted from pp. 101, 103-04. Reprinted by permission.

Management hires the best experts there are to advise how to tell consumers the excellences of its products. But how often do managements hire specialists to advise how to phrase orders to employees, how and what should be told employees of the firm's plans and its progress and how, in turn to get back employees' reactions to what it says and does? Most firms have an audit made each year of their financial position, it might be well if management would audit each year what employees think of their jobs of their bosses, their company and what they know of the firm's plans as to how workers should do their work. Their minds and the ideas that reside there are rather important to management.

People interested in management—business executives, particularly—must recognize the importance of communication to and from employees. It is the phase of management in which lie the greatest dollars and cents savings of the next decade. And they must not delegate this phase of the job to their industrial relations people and forget it. Effective communication cannot be established by a house organ to sweeten the workers up or an annual report to employees to keep them happy. It must be accepted as an important continuing part of the job of management.

Secondly, management must see that their spokesmen, the foremen, recognize the importance of effective two-way communication and are capable of expressing themselves and of relaying the views of their workers. Broad general policies may be communicated through bulletins, addresses at mass meetings or by radio or even newspaper advertising. But the important day-to-day interpretation of these policies is by the foremen. Top management cannot be out in the plant continuously and in the meantime the foreman is the funnel through which it communicates to all workers.

And thirdly, effective communication cannot be left to chance. Management will find it economical to appraise its communication job periodically and see just where it stands. Meanwhile, day in and day out, some major executive should have the responsibility for communication—and be expected to work at it.

All this will pay off. It will be reflected in increased production resulting from awakened incentives. It will be reflected negatively in less strife between management and employees. But it will also reflect a solid democratic appreciation of the worth of each worker, of each human being.

One of the newer devices for humanizing employee management relations is the assignment of trained personnel officers to departments, bureaus, and subordinate units. These specialists may have duties, in addition to routine personnel functions, ranging from the counselling of employees (as in the case of the personnel "counselors" of many Federal departments) to the rendering of advice on general management problems (as in the case of the personnel "gen

eralists" of the Tennessee Valley Authority). The constructive work done by such specialists has contributed to both effective management and employee morale. Paying tribute to one personnel officer in the Department of Agriculture, *The Government Standard*, the news organ of the American Federation of Government Employees, editorialized: "In the long run there is no substitute for a warm, sincere interest in human problems and a desire to do the personnel job not only efficiently but in a manner that takes into account the many superficially minor but actually vital factors that make up sound policy in employee relationship."⁶⁰ Although these sentiments express some of the simpler values of administrative life, they have been assimilated by students of management under the more imposing title of "Humanizing Public Administration."⁶¹

9. UNIONS AND PUBLIC MANAGEMENT

The preoccupation of the public with craft and industrial unions has cloaked the fact that clerical unions in business and public employee unions in government have steadily increased their memberships, bargaining powers, and other interests. The position of public employee unions is here discussed by A. J. T. Day, a British civil servant who approaches the problem from the standpoint of the comparative experience of several nations, including the United States.

A. J. T. DAY

"The Participation of Officials in Administration"⁶²

The position of the staff associations or unions can only be assessed by considering four questions. First: What is their status—what limitations, if any, are imposed? Secondly, what scope are they allowed in discharging their primary function—the function for which they were created—of protecting and promoting the occupational interests of their members? Thirdly, above and beyond this primary function, what freedom have they to contribute to the solution of those problems of day-to-day administration, other than staff administration, on which the knowledge and experience of the rank and file can usefully be brought to bear? And lastly,

⁶⁰ "The Proper Function of a Personnel Office." *The Government Standard*, November 28, 1941.

⁶¹ C. Spencer Platt: "Humanizing Public Administration." *Public Administration Review*, Summer 1947, vol. 7, pp. 193-99.

⁶² A. J. T. Day: "The Participation of Officials in Administration." *Public Administration*, Summer 1948, vol. 26, selected from pp. 110-11, 113-18. Reprinted by permission.

is there room for them to express staff opinion, helpfully to the administration, on issues of high policy as distinct from the day to-day execution of policy?

In some of the countries from which reports have come, one finds complete freedom of association among public servants themselves, and equally complete freedom of combination with other workers if they so desire. But the freedom is differently based. In France, for example, it is affirmed by law, as though it were something to be enjoyed only if the State, by a positive act, conferred it. In the United States and in England, on the other hand, it rests on no law but is tacitly assumed as one of the basic freedoms which the law can take away but cannot confer. To put it differently, this freedom is in the one case explicit and in the other implicit. The result is apparently the same, but the approach to it is different, probably because of differences in national habits of mind.

The significant thing about a strike is not the right to engage in it, but the power to do so. This power is inherent—it is, quite simply, the power to stay at home. All that the law can do is to declare that if they decline to work certain consequences will follow, in particular that the combination responsible will be proscribed and suffer certain penalties. The employer, whether Government or private person, may also say that disciplinary or even vindictive penalties will be visited on those who strike. All these deterrents would certainly militate against a strike of officials in a service where striking had been declared illegal. But they would not—and this is the important point—have taken away a power which, like freedom of association, is a natural possession and not a gift. For if I believe in the basic right to strike—as I do in the basic right of freedom of speech—I believe no less firmly in the moral obligation not to use that right. I believe, too, that nowhere is that obligation more fully recognised, in general, than among public servants.

I turn to the second of my four questions, as to the scope afforded to staff associations in dealing with the pay and other conditions of service of their members. Here, it is evident, there are two general tendencies: one towards an extension of the range of matters on which the associations can bring their influence to bear, the other, towards the creation of fuller development of standing machinery for the joint consideration of these matters where before there were contacts only as occasion required. It is now more than a quarter of a century since such machinery—probably the first of its kind—was established in the English Civil Service under the name of Whitley Councils, Mr Whitley having been the chairman of a Government committee by which the idea was suggested primarily for application in industry. These Councils, existing at the national and departmental levels, afford the fullest possible opportunities to the staff associations, in combination, to discuss all staff questions of common interest with representatives of the Administration, from pay and hours and leave to disciplinary procedure and the principles of promotion. In France the establishment of somewhat similar Councils, Commissions and

Committees by statutes of 1945 and 1946 will accord the staff associations liberal facilities for sharing in the settlement of all questions affecting their constituents. The Civil Service Commission in the Federal service of the United States, which is responsible for such staff questions as hours, leave, pensions, discipline, promotion policy and so on, makes it a practice to secure the co-operation of the staff associations, through its labour-management advisory service, in the formulation of basic policies on these matters, and in some Departments and agencies of Government the associations are afforded opportunities of collaborating in the departmental application of these policies.

It is in the sphere opened up by my third question—the sphere of day-to-day administration in matters not of self-interest to the staff—that the difference between advisory or consultative functions and the power of joint decision takes on a special importance for the Administration. In Belgium and France joint management is the declared aim of the staff organizations. They seek the same participation in executive decisions as is accorded to joint working committees in private industry (and in France, incidentally, in the workshops of the Ministry of War). In both these countries, and elsewhere, the range open for discussion on a consultative or advisory basis is already considerable. The labour-management advisory committee of the Civil Service Commission in the United States, for example, can initiate discussion and recommend policies on all aspects of the effective utilisation of personnel. In one of the largest agencies of Government in the same country there are systematic joint conferences for co-operation in the elimination of waste; conservation of materials, supplies and energy; improvement of workmanship and services; education and training; correction of conditions making for grievances and misunderstandings; encouragement of courtesy; safeguarding health; prevention of hazards; betterment of conditions and strengthening of morale. In England the Whitley Council system permits of the joint discussion of such matters as recruitment, the education and training of officials for higher work, the economical use of man-power, the issue of working instructions, accommodation, the layout of offices, the improvement of the organization and equipment of offices and the efficiency of the service generally. Here, as in respect of conditions of service, agreements can be reached to become operative forthwith. One organization in England—the Union of Post Office Workers—has actual joint control of the Post Office as one of its declared aims, but there is no sign, even under a Labour Government, of any willingness on the part of the Administration to consider such a policy.

In England—to come to my fourth and last question—there have been a few matters of high policy on which, by reason of their specialised character, the staff concerned have felt competent to formulate views for submission to the Administration, and these views have not been without their influence on the official decisions eventually taken. But so far there has not appeared to be much scope in my country for staff interven-

tion in policy questions. In France, it is the ambition of the associations to take part in the reform of public administration, of teaching and of the magistrature, and they already enjoy representation on official committees concerned with the reform of official publications and the cost of and production figures for the public services.

From this all too hurried review of the position as it is in the various countries reported on and as the associations there would like it to be, I reach these conclusions. The day of casual contacts between representatives of the staff and of the Administration is past. Public services are now so large and so diversified, their staff problems so complex, their staffs so well organized and so conscious of their right to be heard and the tempo of staff administration so rapid that only by the maintenance of standing machinery, providing for the most intimate and expeditious consultation between the management and the staff, can their points of view be harmonised from day to day and the staff be given the desirable feeling that they are being governed as far as possible with their own consent.

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Perhaps the most controversial question raised here relates to the right of public employees to strike and the right of unions to engage in organized political activity. After World War II, there was an attempt in the Taft Hartley Labor Management Relations Act to prohibit strikes by public employees and to curtail the political activities of unions.<sup>63</sup> Although public employees seldom exercised the right to strike (in fact, they generally imposed a no-strike clause in their own constitutions) more union political activity was noticed after the Taft Hartley Act was passed than ever before, despite the criminal penalties imposed by the Act.<sup>64</sup>

The failure of coercive legislation of this type was also confirmed by the British experience after World War I.<sup>65</sup> Whatever approach is adopted for the solution of these critical problems,<sup>66</sup> it is interesting to note that as early as 1910, John R. Commons, one of America's foremost labor economists, pointed out: 'In this country, with universal suffrage the workingman in public employment does not need to strike. He forms a clique and goes in with the politicians. He has the suffrage. We cannot get away from organization. These employees will organize in one way or another. The real solution is not to destroy the organizations, but to give them official recognition, to

<sup>63</sup> Public Law No. 101, 80th Cong., 1st Sess. The Taft Hartley Act was passed in 1947 and under reconsideration in 1949.

<sup>64</sup> Edwin F. Witte, 'An Appraisal of the Taft Hartley Act', *Papers and proceedings of the American Economic Association*, December 1947.

<sup>65</sup> Trade Disputes and Trade Union Act (1929), 17 and 18 George V, Chapter 22 especially clause V relating to civil service unions.

<sup>66</sup> See Leonard D. White, 'Strikes in the Public Service', *Public Personnel Review* January 1949, vol. 10, pp. 3-10.

give them a part in the administration of the department and then to hold them to that responsibility.”<sup>67</sup> The “guild socialist” or “syndicalist” solution of officially recognizing employee responsibility for administration has not won favor even among the socialists in Britain,<sup>68</sup> and it would probably be rejected in the individual enterprise setting in the United States. We can expect, however, a shift in emphasis on the part of employees from pressure for better conditions of work to the sharing of responsibility for improved administration in the future.

## 10. PERSONNEL MANAGEMENT AND DEMOCRATIC LEADERSHIP

These issues go far deeper than the immediate problems of personnel management. The manner in which we treat our public employees is at once a consequence and a cause of some of the crucial problems facing the American democracy. Since public officials are regarded as specially responsible citizens, it is sometimes unavoidable to find them subjected to harsher tests of public responsibility. This exposure also has depressing consequences. The witch hunts and loyalty tests following World War I and World War II curtailed the enthusiasm and initiative of many public servants and would-be government employees. On one occasion Chancellor Robert Maynard Hutchins of the University of Chicago publicly announced that he could no longer conscientiously advise faculty members and college graduates to enter the government service. Government employees, he pointed out, “have in too many instances become second-class citizens, humiliated and demeaned by the very government they attempted to serve.”<sup>69</sup>

On the whole, the inducements to government employment have steadily improved,<sup>70</sup> and the remaining defects here are actually the shortcomings of the political and legislative leadership of American government. The decisive role of effective leadership in the public administration of a democracy is discussed below by Ordway Tead, who enjoyed a long career in New York City as an industrial consultant and business executive, as a lecturer on personnel administration, and as Chairman of the Board of Higher Education.

<sup>67</sup> John R. Commons: “Unions of Public Employees.” Quoted in John M. Gaus: “Responsibility.” *Frontiers of Public Administration*, p. 40.

<sup>68</sup> See above, Chapter 8, n. 9.

<sup>69</sup> See Harry T. Kranz: “The Current Dilemma in Federal Public Administration.” Address before the Fourth Federal Conference on Personnel Management, San Francisco, May 13, 1948.

<sup>70</sup> Paul H. Appleby: “A Reappraisal of Federal Employment as a Career.” *Public Administration Review*, Spring 1948, vol. 8, pp. 85-90.

## (a) ORDWAY TEAD

"The Importance of Administration in International Action"<sup>11</sup>

Any notion that good administrative structure works by itself will now be seen to be a fiction. One is reminded here of the unreal distinction often made as between a government of laws and a government of men. All administration is a matter of some more or less legal or explicit body of regulation, it is a matter of creating structural working relationships among groups, and it is finally a matter of infusing the ongoing of the necessary machineries of procedure with a will to operate. It is this last requirement which leadership supplies. There has to be stimulation, energizing guidance effort toward integration, renewal of clear vision about aims. All of this is the leadership role. And all of this, also, has to be carried on not merely at the level of top administration but all the way down through the managerial hierarchy.

## (b) ORDWAY TEAD

"Democracy in Administration"<sup>12</sup>

Look with me in imagination at the life and the work of a mail sorter in the Post Office Department, a file clerk in the Federal Civil Service Commission, a cable splicer in the New England Telephone and Telegraph Company, a grade-school teacher in Harlem, a foundry helper in a plant of the United States Steel Corporation, a sales clerk in the A & P, a seaman on a tanker of the Standard Oil Company. All these present to those concerned with the quality of the good life for all persons in a democracy a common problem. That problem is: How shall individuals feel and know that they are real, growing, thriving persons who can call their souls their own as they plod on through the day's work? How can personality be fulfilled in and through the tasks of modern large scale agencies—corporate or public? How, in more abstract terms, are personal freedom and economic productivity to be reconciled in today's society?

To put it in other words, I ask how we propose to face up in a democracy to conflicts of group interests and blocs, to a growing sense of bureaucratic stultification, to the need of stimulating in all individuals initiative up to the top of their powers. Again, I ask how we are to prevent the usurping of social power (economic, political, educational, or other) by those with overdeveloped power lusts, how are we to face up to the

<sup>11</sup> Ordway Tead. "The Importance of Administration in International Action." *International Conciliation* January 1945 vol 407 p 30. Reprinted by permission.

<sup>12</sup> Ordway Tead. *Democracy in Administration*. World Order: Its Intellectual and Cultural Foundations. Edited by F. Ernest Johnson. Selected from pp 178-190. 195. Reprinted by permission of Harper & Brothers. Copyright, 1945. Institute for Religious Studies.

tardiness of legislative bodies in laying down just and necessary rules of orderly human relations; how we can overcome the false belief that corporate groups by pursuing their own self-interest are somehow automatically advancing the interests of us all.

I believe all of the characteristic aspects of administration, add up to the view that at its dynamic best administration includes the task of personality creation. Administration in its wisest manifestations makes an appeal to wider, less selfish loyalties, to fuller creative release, to broader knowledge of and agreement to purpose, method, and fact, to co-operative, associated, responsible conduct in and through which individuals find themselves redeemed—brought to meaningful life and endeavor through associated effort. For myself I am led to conclude that in and through their work relations lies a valid approach to the way in which human lives are served by serving.

### (c) ORDWAY TEAD

#### The Art of Leadership <sup>73</sup> ✓

The leader will appreciate that organizations are always means to an end, agencies to help achieve what people want. It is the human beings themselves who are the ends.

Compare the attitude, the alertness, initiative and enthusiasm of the ordinary manual worker at his job by day, with his attitude toward his lodge, his labor union meeting, his church vestry, his singing club or his political clique. He may be a tractable follower in the latter mediums. He may have acquired habits of submission and passivity which lessen his assertiveness. But at the very least he is conscious in these groups of a right to stay or leave, to vote "yes" or "no," to "grouse" or commend—all of which privileges he fails to find in anything like the same degree at his job—unless, of course, he is fortunate enough to work for a company where he can participate in some truly autonomous and effective organization of workers in joint dealings with the corporate management.

The followers require more than this, if they are really to come into the fold. They require—often unconsciously to themselves—to be made partners and sharers in the determination of what the group is trying to do. Only so do they have that kind of experience which alone brings loyalty.

What has proved true in religion, in armies, and in politics has to be made true in the other kinds of corporate efforts. People require the leader to help show them the experience which convinces them that their loyalty to the group is a good thing for them.

The truth is that in a democratic society the opportunity for

<sup>73</sup> Ordway Tead: *The Art of Leadership*. Adapted from pp. 13, 59, 78, 171, 268–69, 271. Reprinted by permission of McGraw-Hill Book Company, Inc. Copyright, 1935, McGraw-Hill Book Company, Inc.

leadership multiplies enormously, once leadership is understood in its psychologically sound essentials

The danger in our own country is that too little praise is given rather than too much. It is the rare leader today of whom it could be said that he slops over in telling his followers how well they are doing. Of course too much praise, or praise uncritically given, loses its tonic value. Judgment and good sense must be exercised. But individuals properly crave the assurance and the confidence which come from knowing that they stand well as members of the groups to which they belong. The real danger in a democracy is the danger of mediocrity and uniformity, of popularly imposed standards of right and value. The danger is lack of guidance of direction and of spiritual excitement.

The opportunity to lead fairly shouts aloud for its chance in every organization and institution which bring the citizens of a democratic community together. For in every area of action people are seeking to fulfill themselves. They deeply want to rise above a nominal or legal equality to an assertion of their own intrinsic superiorities of capacity and achievement. But to do this they have to be led. They have to be brought into effective group relationships which are certainly not spontaneous, but the creation of those in the vanguard. Such relationships in a complex society are the necessary condition of self release and indeed of self being for everyone but geniuses and prophets. The leadership predominantly required is not that of such supermen, valuable though these rare individuals are in creating new reaches of human vision and aspiration. The demand is rather for a multiplicity of leaders in many fields. Leadership must be at work in every common, workaday situation where one person directs others. It is not alone concerned with important causes and large movements.

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This democratic philosophy of management was also shared by Mary Follett, Morris Llewellyn Cooke, and by other American students of industrial management.¹⁴ This philosophy was expressed even more positively by Hugh M. Shafer in 1944 when he urged that "respect for human personality should be placed above all other considerations [and that] efficiency should be established and maintained first with respect to human factors and secondly with respect to material or inanimate things."¹⁵ We thus revert to the basic and historic issue concerning democracy and efficiency in American administration.¹⁶

¹⁴ See Morris Llewellyn Cooke, "Who is Boss in Your Shop? Individual versus Group Leadership and Their Relation to Consent and Ideals of Democracy," *Bulletin of the Taylor Society*, August 1917, vol. 3, pp. 3, 7, 9. See also J. George Fredenck, *The Great Game of Business*, p. 61.

¹⁵ Hugh M. Shafer, *Principles of the Emerging Science of Democratic Administration*, *Advanced Management*, 1944, vol. 9, pp. 127-28.

¹⁶ See Chapter 5.

SUMMARY

Personnel management has been struggling to find a balance between two extremes: (1) mass recruitment and procedures which would retain the formal guarantees of the merit system of employment in both government and business; and (2) selective treatment of positions and problems which would give personnel management a necessary measure of flexibility in individual situations. The first factor has led to an emphasis on mechanics by central personnel agencies; the second factor to the new search for more effective human and personal relations in management. Both ideas have been useful under the conditions of growth of American employment, public and private. However, neither consideration is as significant as the overriding search for mature leadership capable of scientific self-management as well as the management of others. The most effective personnel managers are those who are as free as possible from insecurity and who possess greater assurance (which they can transmit to their subordinates) of the social goals and the humanitarian principles of a democratic society.

BUDGETING AND FINANCIAL CONTROL

FINANCIAL RESOURCES and fiscal controls offer another managerial tool parallel in importance with competent and mature administrative personnel. It is not only because men are attracted by money, either for their own compensation or for adequate resources with which to pursue their administrative work, that makes the subject of finance so important. It is rather because money is the main measure by which the essential resources of men and materials can be allocated for the accomplishment of almost all administrative jobs.

In effect a financial budget is a work program with a dollar sign before it. There are, of course, other and perhaps better measures of administrative accomplishment in particular fields, but the most common denominator in modern management is the monetary. Business and industrial managers are certainly aware of this fact. For them "budgeting is synonymous with management since both are concerned with systematic, intelligent planning and control."¹ But governmental and public administrators are equally concerned with budgeting and financial control, as the following readings clearly demonstrate.

1. FINANCIAL MANAGEMENT AND FISCAL CONTROL

The scope of financial management in government and business is virtually the same. Leonard D. White, professor at the University

¹ Asa S. Knowles and Robert D. Thompson *Industrial Management*. New York: The Macmillan Company; 1944, pp. 1-2.

of Chicago and a public administrator, and Leon C. Marshall, who was Dean of the College of Commerce and Administration at the same institution, fully agree on this point.

(a) **LEONARD D. WHITE**

Introduction to the Study of Public Administration ²

Finance and administration are in fact inseparable. Every administrative act has its financial implications, either creating a charge on the treasury or making a contribution to it. Nothing can be done without the expenditure of money, at the very minimum for the payment of the salary or wage of the official or employee who acts. Available financial resources set a maximum limit on administrative activity as a whole and on each of its separate parts. The management of finance is therefore one of the first and one of the inescapable responsibilities of administrators.

Fiscal management includes those operations designed to make funds available to officials and to ensure their lawful and efficient use. Fiscal management includes as its principal subdivisions budget making, followed by the formal act of appropriation; executive supervision of expenditures (budget execution); the control of the accounting and reporting system; treasury management and revenue collection; and audit. To carry on those activities a considerable organization is required, part of which lies within the major operating departments, part of which is outside, consisting of budget officers, directors of finance, comptrollers, accountants and auditors.

(b) **LEON C. MARSHALL**

Business Administration ³

There is no telling what one will find in the "financial department" and no telling what titles its functionaries will bear. Usually there is a "treasurer." His duties may range from those connected with occasional consultation on financial policies or those connected with being little more than a custodian of cash to those involved in drawing a budget and handling all financial and accounting matters. Sometimes there is a "comptroller." He may merely have charge of the accounting, or he may, at the other extreme, be responsible for the original budgeting of the business and then for such supervision as may be necessary to carry out the budget, or his duties may be arranged in some other way. There may be an "auditor," a "credit man," and others. It is apparent that we shall

² Leonard D. White: *Introduction to the Study of Public Administration*. Adapted from pp. 201-03. Reprinted by permission of The Macmillan Company. Copyright, 1939, The Macmillan Company.

³ Leon C. Marshall: *Business Administration*. Selected from pp. 512-13. Reprinted by permission of The University of Chicago Press. Copyright, 1921, The University of Chicago Press.

gain little from digesting either the literature or the current practices of business in our study of the "set up" of a business for financial administration. There is, however, certain common sense material which is worth surveying.

If we picture an organization in which the financial department has reached such large development as to have at its head a "vice-president in charge of finance" it is clear that it may be charged with the following responsibilities (and if it is not charged with them they must be cared for elsewhere in the organization) (1) The vice-president in charge of finance should, in consultation with the president and general manager, draw up a plan of the ways by which the financial needs of the business may be met. In some business organizations this includes the responsibility of preparing the budget which forecasts these financial needs. (2) Within this plan he must work out the details of institutions and devices which are to be utilized and the details of how and when to utilize them. (3) He should carry out the operations necessary to bring these detailed plans to accomplishment. (4) He is of course the custodian of receipts and the agency through whom payments of funds are to be made. These are his routine duties as "cash custodian." It is not unusual for the entire accounting of the concern to be under the direction of such a vice president in charge of finance.

Under different departmental titles the same range of financial responsibilities are thus carried out in all types of institutions.

2 THE BUDGET AS THE MAJOR TOOL OF MANAGEMENT

The major managerial instrument in the fiscal field, and according to some administrators the main tool of modern management, is the budget. That the budget is a much more useful and versatile device than is popularly assumed is demonstrated below by Stephen Story, Comptroller of the State of New Hampshire.

STEPHEN STORY

The Budget as a Tool of Administrative Management⁴

The executive budget is one of the principal tools of financial administration. It is the basis upon which several other tools depend. It may, for the basis of illustration, be compared to a lathe or to a drill press which can perform the major operations upon wood or metal stock but which operations may be amplified or improved by attachments of other tools to accomplish further operations.

⁴ Stephen Story "The Place of the Budget in Fiscal Planning and as a Tool of Administrative Management" Paper presented before the Finance Officers School, University of Connecticut, June 1947, selected from pp. 1-5.

The budget as a complete machine or tool goes through several processes before it becomes a usable tool or instrument. Generally these processes begin by submission of requests by the various departments or agencies of government. These requests are lined up and correlated by someone—usually the financial officer or budget director and, after analysis, are submitted to and studied by the responsible central executive officer, be he governor, mayor, city manager, superintendent or what not. This individual usually confers with the heads of the submitting departments or holds departmental hearings upon the requests (usually of a public nature as a safety valve to give taxpayers a chance to express themselves relative to budget requests). Following such conferences or hearings the executive makes such changes in the budget requests as he deems consistent with the needs of his administration and the best interests of the government and the taxpayers.

The budget officer has to develop a sort of sixth sense to detect the department requests which are padded in expectation of being cut down and to recognize those which are budgeted honestly. Somehow we manage to discover the difference because there are certain well known costs which are common to almost all departments. If these vary from a well known average, we begin to look for further signs of inflation and from then on that particular budget rates a more careful scrutiny than the ones which submit sincere estimates.

The executive's recommendation, with respect to the departmental request is submitted to the appropriating body and forms the basis for its appropriations. Usually the executive submits a draft of a legislative act embodying the appropriations needed to carry out the budget he recommends. If the appropriating body is large, it may have an appropriations or finance committee to which the budget and the draft of the appropriation act are sent for consideration or, if the membership of the legislative body is small, it may sit as a committee of the whole and consider the budget directly. A series of additional hearings usually ensue and these again are usually of a public nature in order to provide the safety factor. Finally the budget is considered in executive session and decision made as to the amounts to appropriate. The culmination of all this procedure is the passage of the appropriation act and the making available at some definite date of the determined appropriations. Following this, the fiscal or financial controlling officers are able to set up their books indicating the amounts which are appropriated and available for expenditure.

The budget reaches its highest usefulness when accompanying devices are employed which make it effective. After appropriation accounts are opened and the appropriations are on the books, the recording of expenditures against these appropriations is a common procedure. However, the mere bookkeeping function does not bar the creation of an [unjustified] obligation chargeable against an appropriation. So we seek means by which financial control may be exercised more closely. One step is that of

pre auditing bills This makes a part of the financial procedure the examination of statements rendered to determine their accuracy and to determine whether or not payment can be legally accomplished Once the conditions for pre audit are satisfied, the warrant for payment is issued by the auditing agency to the treasury for payment

The pre-audit function, while bringing us up to date a bit more, still lacks sufficient promptness, so we resort to the procedure of encumbering expenditures before an obligation is entered into The process involves setting up an encumbrance ledger in which each contemplated expenditure is encumbered against the appropriation This requires that all orders for equipment, supplies and services and all contracts must be validated by posting to the encumbrance ledger before they are issued This prevents the entrance into obligations beyond the appropriated amounts because the validating agent has orders not to validate bills beyond the exhaustion point of an appropriation

Needless to point out that the encumbrance method has its difficulties because in these days there is often considerable difficulty in anticipating final cost when an order is placed Many sales are conditioned today upon escalator clauses which give the vendor a legitimate chance upon delivery to charge a higher price than quoted before delivery Because of this divergence in delivered prices from encumbered prices it is necessary from time to time to reconcile encumbrance ledgers with the accounting records to correct variations

The next step in assuring up to the minute financial control is the establishment of a system of allotments which is designed to time the expenditures so that exhaustion of appropriations will take place only at the correct time, namely, the end of the fiscal year An allotment plan is essentially simple and usually arrived at by dividing appropriations into quarters, sixths or twelfths and setting up arbitrary fractional barriers beyond which expenditures or encumbrances are not permitted As experience shows seasonal variations, a corrected allotment arrangement should be devised For instance, snow cleaning puts emphasis on expenditures during the winter months and is non-existent in the summer Asphalt repairs are done only in the summer, brush and forest fire fighting only in the dry season, *street lighting costs are less in the summer than in the winter* and so on

There is a further quirk which I might point out which I have tried on one occasion with success This consists of making an allotment schedule on either a straight monthly or a percentage monthly basis Then the chief administrator actually allots for expenditure only 95% of each allotment If a department proposes to expend beyond the 95% it must get approval of the chief administrator before the funds retained in the 5% are freed This is, if you will, a system of enforced saving Its advantage is that it provides a possible budgetary surplus or creates 5% budgetary cushion against emergencies at the end of the year

The final step in assembling the tools of financial administration

is the preparation of a work program based upon the budget and the pricing of the work program on a unit cost basis to determine the efficiency of operations. This is a refinement in procedure which frequently is not followed although from a governmental theory standpoint it is sound procedure. It involves a rather expensive record keeping system and the end result is a method of currently checking costs of operation as a test which the chief administrator may apply to his departments to determine whether or not they are improving their techniques and, of course, may be used by department heads as a check upon their own operations. To operate this system requires a system of reporting work accomplished by units of measurement such as gallons of water pumped, square yards of street swept, tons of garbage collected, number of bills posted, etc. These units are then divided into the costs of doing them and unit costs determined. A wide variation from normal average costs becomes a signal for administrative check up.

However, the work program principally applies to things or actions which are frequently repeated. There are a whole series of operations of government which relate to people and not to things and most of what we do to and for people is not measurable. Who can measure the value of a life saved by vaccination or by the sterilization of a milk bottle? What yardstick can you apply to the arrest of a hit and run driver? By what standard of measurement can we gauge the incarceration of an insane person? Of course, we can measure vaccinations by numbers, or arrests by numbers, or numbers of persons maintained in an institution and fix the cost of a day's care, but these are not measures of true value as human relations can't be scaled or figured on a dollar and cents basis. So as a measure of true efficiency a work program has its defects.

Thus we have a fair layout of tools for financial administration. All of them trace their usefulness back to the budget as a basic tool for the accomplishment of a now indispensable factor in government—the control of expenditures so that they conform to a financial plan. Some of these tools are sharp, some are complicated; they are all interdependent and they require judgment, experience and skill on the part of the workmen using them.



There are of course numerous technical problems in the budgeting process not covered by this analysis. Should the items in the budget be "lump sum" or highly specialized "line items"? It is obvious, for example, that in the early days of one city's "budgeting" experience, an item like the following had little value for control purposes: "Hay for Police Department horses and Police Department typewriters." A more complete analysis of the budget might include the primary question of raising the funds and providing the pecuniary and material resources for the organization; but in terms of Story's emphasis upon the expenditure side of management, there is some

accuracy to the characterization of the budget as the executive's 'stethoscope' " ⁵

3 BUDGETING IN BUSINESS

The process of budgeting is comparable in business, whether it is carried on under private enterprise or public control. Illustrations from the procedures of (a) The General Motors Corporation and (b) a Soviet manufacturing plant produce interesting evidence in this respect.

(a) HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

Harvard Business Reports ⁶

The General Motors Corporation was formed in 1908 to act as a holding company for the stock of several automobile manufacturing companies. In 1916 the corporation was reorganized and assumed the functions of directing the management of the subsidiaries. Each individual company or division, however, retained its identity as a complete financial unit in that it received its own income, and made its own expenditures, and effected its own borrowing. The nature of the control by the General Motors Corporation was that of advice without definite, applicable means of enforcement of such advice. Future plans for each company were drawn up on conferences with the executives of the General Motors Corporation, but in actual practice they conducted affairs of that division as they deemed wise. Thus, the control policy was one of decentralization. The results of this policy later proved to be unsatisfactory in respect of inventory accumulation, and a system of adequate central control, therefore, seemed to be essential. The company's problem was to devise a method of control so centralized that the mismanagement of 1921 might not be repeated. At the same time, however, it was necessary to allow the chief executives of the different divisions adequate responsibility and freedom of judgment.

The following method of inventory control was devised and adopted in 1922. At the beginning of every year, the chief executives of each division were to prepare forecasts of sales for the coming year and detailed estimates of the working capital required to finance the expected production. The forecasts were to be threefold: first, an optimistic forecast, or estimate of the largest sales that might be obtained, second, a

⁵ The Mayor's Stethoscope. *Municipal Reference Library Notes*. New York Public Library. April 16, 1941, vol. 27, pp. 25-6.

⁶ Harvard Graduate School of Business Administration. *Harvard Business Reports*. Selected from pp. 21, 29-30. Chicago: A. W. Shaw Co., 1925. Reprinted by permission.

conservative forecast, or estimate of the sales really expected by the executives; third, a pessimistic forecast, or estimate of the sales under the worst conditions that might exist. These forecasts were sent to the president and to the finance committee, to serve as a background for the interpretation of subsequent detailed reports.

Assistants in the president's office prepared the data for use. The foregoing estimates were summarized in one forecast for the General Motors Corporation as a whole, to include inventory, stock-turn, production, sales, finished stock on hand, and commitments. Continuous comparisons of all estimates with actual results for an eight months' period were made at the end of each month for each division. These provided a basis for interpreting current forecasts in the light of their accuracy during the preceding four months. The divisional comparisons then were summarized in one general comparison which was submitted monthly by the president to the finance committee. To stimulate accuracy in making forecasts, the corporation sent monthly to all divisions a sheet on which was listed each division in the order of its percentage of accuracy.

(b) BIENSTOCK, SCHWARZ AND YUGOW

Management in Russian Industry and Agriculture⁷

S. M. Kirov, one of the most vigorous Soviet economic leaders, characterized as 'a real piece of socialism' the *tekhpromfinplan* of a plant (i.e. its technical, industrial and financial plan), and Molotov [called it] 'one of the best socialist methods of struggle for our tempo.' As a matter of fact, this element of the Soviet planning machinery is in many ways quite similar to the planning of production by the individual capitalist entrepreneur.

On the level of a single plant the impulse to planning is given by directives issued by a People's Commissariat or by a Trust. 'Directives' cover: (1) approximate production in quantity and money value; (2) volume and kind of new capital investment; (3) amount of working capital; (4) number of workers and desired increase in labor efficiency; (5) 'wages fund' (annual pay roll and planned increase in average earnings; (6) planned reduction in the cost of production; and (7) planned reduction per unit of product in the use of fuel, electric power, and raw materials.

Next, these directives must be adjusted in detail to the plant's concrete technical potential. The result is the plant 'production program,' worked out by the plant management; in large plants it is based on departmentalized 'operating programs.' Active participation of engineers and workers in the formulation of programs is encouraged. As a rule, plant management is supposed to specify qualities and quantities of particular commodities to be produced for sale or internal use, keeping within the

⁷ Bienstock, Schwarz, and Yugow; *Management in Russian Industry and Agriculture*. Selected from pp. 53-54. New York: Oxford University Press; 1944. Reprinted by permission of Cornell University Press.

figure of aggregate output set in the directives. Management may, however, propose to higher agencies a change in the aggregate figure. At one time, so-called 'counter plans,' usually instigated by the Communist organization in the plant or by Stakhanovites, were common.

Further elaboration transforms a 'production program' into a plant *tekhpromfinplan*. Subject to approval by higher agencies whenever their directives are transgressed, there are added to production figures (1) an estimate of the required number of workers; (2) an estimate of pay roll; (3) a plan for lowering cost of production; (4) an estimate of fuel, electric power, raw materials, semi-finished products, and equipment to be acquired, (5) a plan for utilizing plant equipment; (6) proposed organization of all plant resources (*orgtekhplan*); and finally, (7) the financial plan, i.e. a balance-sheet to be aimed at by the management. Other important items usual in a *tekhpromfinplan* are distribution of products, introduction of new processes, auxiliary production, details of capital investment (expansion), co-operation with other plants.

When the *tekhpromfinplan* is finally approved by the higher authorities, it becomes law for the plant management. As a matter of fact, however, the plant plan, like those of other economic agencies, including that of Gosplan itself, is subject to repeated changes in process of application, because of changes in general economic conditions or alterations in Party policy.

It would be difficult to discover better proof that the budget is a universally valid instrument of management control and administrative planning than these two illustrations from the American and Soviet economic systems.

4. PRINCIPLES OF BUDGETING

In addition to the steady refinement of budgetary techniques, are there any other broad principles of budgeting that responsible executives can follow? Several general guides for this purpose are offered below in the analysis of (a) Federal budgeting experience by Harold D. Smith, and (b) municipal budgeting experience by an anonymous specialist of public management.

(a) HAROLD D. SMITH

The Budget as an Instrument of Executive Management*

Any attempt to summarize budget principles or rules of executive management must, therefore, be of a tentative character. At the same

* Harold D. Smith "The Budget as an Instrument of Legislative Control and Executive Management" *Public Administration Review*, Summer 1944, vol. 4, pp. 184-85 Reprinted by permission.

time, the principles themselves must be dynamic. I submit such a tentative set of eight principles, referring particularly to budgeting in the federal government.

1. *Executive Programming.* The budget, as recommended, reflects the program of the chief executive. When enacted it becomes the work program of the government, reflecting all government responsibilities and activities in their political, economic, and social aspects. Budget formulation, therefore, must be geared closely and directly to the formulation of the chief executive's program as a whole. Budgeting and programming are the two sides of the same coin; both must be under the direct supervision of the chief executive. This principle holds true for all governments—federal, state, and local.

2. *Executive Responsibility.* The appropriation ordinarily authorizes, it does not direct, an agency to spend money. The executive branch is directed to fulfill the function established by law or implied in the language of the appropriation measure. In other words, the appropriation is not a mandate to spend, nor does it establish a "vested right" of an agency. The agency is responsible, under the direction of the chief executive, for executing the intent of the legislation in the most economical manner. The chief executive, for his part, has the responsibility of seeing that the agency programs are brought into accord with legislative intent and are executed with the greatest possible economy.

3. *Reporting.* Preparation of the budget, legislative action, and budget execution must be based on full financial and operating reports flowing up from the administrative units of the government. Current information should be furnished the executive as well as the legislative branch on the progress of work with respect to the various programs and projects, obligations incurred, expenditures made, revenues received, individuals employed, objectives accomplished, and other relevant facts. Budgeting without such reporting is blind and arbitrary.

4. *Adequate Tools.* Executive budget responsibility requires adequate administrative tools. The chief executive must have under his direct supervision a properly staffed budget organization. In addition, certain powers must be available to the executive in order to assure the most economical execution of legislative intent. These include, among others, authority to make monthly or quarterly allotments of appropriations and to set up reserves out of appropriations.

5. *Multiple Procedures.* Modern government includes very different types of operations. Functions of every-day administration; long-run construction and developmental projects; quasi-commercial operations, such as purchase and sale of goods, or banking operations—these require varying procedures for effective management. Although all government functions, without exception, should be reflected in the budget, the methods of budgeting may vary for different types of governmental activities. The budgeting of quasi-commercial operations may therefore differ from the budgeting of administrative activities.

6 *Executive Discretion* Effective and economical management may be hindered if appropriation items are too narrowly defined. The budget document must contain a great amount of detail for the information of the legislature and the guidance of the executive. It is desirable, however, that the appropriations be made for broadly defined functions of an agency, or subdivisions of an agency, in harmony with legislative determination of the current objectives of government. To the executive branch should be left the determination of the precise means of operation to achieve the purposes set forth by the law.

7 *Flexibility in Timing* The budget should contain provisions which permit immediate adjustment to changing economic conditions with which fiscal policy must cope. Flexibility in timing can, for example, be accomplished if the legislature appropriates funds for certain construction and developmental programs for an extended period, say, of five years. Timing of the program can then be adjusted by the executive in accord with economic necessities.

8 *Two-way Budget Organization* Although budget preparation and budget execution must be directed by the chief executive, efficient budgeting requires the active cooperation of each agency and its major units. There must be in each agency a budget office with functions for that agency similar to those of the government-wide budget office. The budgeting and programming work of the agency must be interrelated under the direct responsibility of the agency head. The established budget officer assists his superior in the administrative control of the subdivisions of the particular agency; he also transmits the agency's views and proposals to the central budget bureau. Budgeting is not only a central function but a process that should permeate the entire administrative structure. Traffic between the central office and the agency offices responsible for budgeting and programming should move on a two-way rather than a one-way street.

(b) "It's Always Budget Time"

Along about this time of year in a majority of American city halls, lights are burning later, the clatter of adding machines is more frenzied, and there is an unmistakable feeling of tension in the air. It's budget time again.

Just ahead looms another fiscal year, demanding that new plans be made, that new taxes be levied, that new balances be struck between revenues and expenditures. Before that new fiscal year is ushered in, custom has decreed that a document must be published, a document that with perennial stubbornness insists that the 365 days next to come be anticipated by long columns of figures, code numbers, and dollar signs. Once that document has been drafted and its last decimal point ham-

* *It's Always Budget Time* Public Management, October 1940, vol. 22, pp. 289-90. Reprinted by permission.

year, and only one year, into the future. When it is recognized that budgeting is essentially the planning or programming of municipal services, it must be admitted that a year is too long a span for some plans and too short for others. On the one hand, the annual budget needs to be broken down into monthly or quarterly work programs and allotments. On the other hand, it needs to be fitted into a three year, a five-year, or a ten year plan. Daily schedules, monthly programs, annual budgets, and long term plans are not isolated problems to be met one at a time. They are all parts of the planning function of management, and they all need to be fitted into a coherent but flexible program for attacking municipal problems. It's always budget time.

Other writers, like Professor Augustus Hatton of Northwestern University, have gone further in praising the budget as 'the most potential instrument of democracy'.¹⁰ Without going so far, it is possible to recognize that in the budgeting device there are latent some of the most powerful techniques of a socially responsible management, providing these techniques are applied with the pragmatic and flexible philosophy advocated above.

5 AUDITING AND OTHER FISCAL CONTROLS

Before the perfection of the technique of budgeting, the audit was the main instrument of fiscal control, and indeed, independent audits or separate auditing staffs are found in practically all sizable commercial or governmental agencies, while independent budgeting staffs are lacking even in many modern business corporations.¹¹ As the following readings show, there are besides the audit, other managerial techniques related to the fiscal process, such as centralized purchasing controls.

(a) Auditing is an *ex post facto* management technique, since it comes into play after an administrative transaction is virtually completed rather than before as in the case of budgeting. The so called post audit is here described by Professor Harvey Walker, a teacher of public administration at Ohio State University and Secretary Treasurer of the American Political Science Association.

(b) Centralized purchasing is a device that is utilized earlier in the fiscal process and is employed widely by business and by many governmental authorities.¹² A colorful report of New York City's

¹⁰ Lent D. Upson, *Letters on Public Administration* (Detroit: National Training School for Public Service, 1947), pp. 31-32. See also Charles A. Beard, *Introduction to René Stourm, The Budget* (New York: D. Appleton Company, 1917).

¹¹ Holden, Fish, and Smith, *Top-Management Organization and Control*, p. 45.

¹² *Ibid*.

purchasing system is presented below from the weekly magazine, *The New Yorker*.

(a) HARVEY WALKER

"Accounting and Auditing"¹³

The postaudit comes at the end of the appropriation period. It is primarily concerned with the honesty and legality of financial transactions. Postauditing may well be done by an agency not intimately connected with the administration, preferably one responsible to the legislative body. The postaudit is of value and importance to the public because it is a final endorsement or indictment of the financial integrity of the administration. Postauditing may be done by either of two methods. The first is known as a detailed audit. It involves the checking of every transaction which has been completed by the agency or unit being audited. The other is known as a balance sheet audit. In this plan each item in the balance sheet is verified, usually by making a careful and complete examination of assets and liabilities. If the work has been properly done and all the documents are available, the auditor may safely select at random from among the documents in the file a sample of the accounting transactions of the period and check them through the accounting records to make sure that they have been honestly and properly entered. Since the accounting office has no way of knowing which transactions will be selected by the auditor, if a large enough sample is taken any wholesale fraud or dishonesty can be detected. This is called test checking.

Auditing done by an agency which is intimately connected with the administrative side of the government may be prejudiced in favor of the administration and fail to report minor infractions of good practice. If the chief administrator controls the activities of the auditor he can prevent the detection of serious irregularities over a considerable period of time. On this account it has been considered proper that auditing should be done by officers who are independent of the administration.

(b) "City Purchases"¹⁴

One of the junior members of the City Club has passed on to us what he calls the frivolous by-product of recent civic work he has been doing as a member of a sub-committee of the club investigating certain phases of municipal expenditures. It's a marked-up copy of a late report of the Department of Purchase, with some puzzling purchases checked. Such as: 200 lbs. wild-cherry bark @ 9½¢, 112 vigorous rhesus monkeys

¹³ Harvey Walker: *Public Administration in the United States*. Adapted from pp. 256-8. New York: Farrar and Rinehart, Inc.; 1937. Reprinted by permission of Harvey Walker.

¹⁴ *New Yorker*: "City Purchases." December 4, 1937, vol. 13, pp. 25-26. Reprinted by permission.

@ \$4 95, 7,400 tons inorganic dust @ \$5 39 a ton Well, the explanation is that the wild-cherry bark is made into cough medicine to be handed out at free medical clinics, the monkeys are used by the Department of Health in infantile paralysis research, and the inorganic dust is something that goes into asphalt paving

The city bought 135,000 diverse items last year, our City Club man tells us, at a cost of about twenty five million They included, to go further down the list, 200 yards of moleskin (for binding books at the Hall of Records), four completely dressed dummies at \$50 each (for the firemen to rescue), 47,500 mice (for anti pneumonia and obstetrical work in hospitals), and 108 handsaws This last didn't seem such an odd item until the City Club began investigating it and found that the purchase was made for the Bronx Terminal Market This was certainly peculiar on the face of it, but the explanation proved the purchase quite legitimate and in fact, ingenious and praiseworthy There were two million pounds of fish at the market for distribution to people on home relief The fish were large, frozen solid packed in ice, tightly crated, and highly perishable The trick was to dispose of them in usable portions and avoid spoilage Somebody thought of handsaws, the purchase was approved and men went to work slicing up the crates, ice, and fish all at once The poor people went off with chunks of fish in ice and wood frames and not a complaint was received

The city is very cautious in the matter of buying such things as bulbs and flower seeds, our man reports It takes nothing for granted No pay without results If the Parks Department buys a couple of thousand bulbs for fall planting the bill is held up until the following spring, when an inspector goes around and counts shoots, making sure also that the plants are what they were represented to be and no onions among them One item the Department of Purchase wasn't able to handle had to do with the entertainment of Mrs Roosevelt She was to preside at a park opening last spring and one of the deputies thought she should be presented with some flowers He rushed into the florist shop in the Savoy Plaza and after some fast talking got two dozen American Beauty roses, \$24 charged to the city The bill was sent to the Parks Department, which O.K.'d it and passed it along the line At the Comptroller's office it was disapproved as contrary to Sec 39 of the city ordinances, which says that all expenses of municipal celebrations or ceremonies must be authorized by a three fourths vote of the Board of Aldermen In the end, the deputy made good, after some heated correspondence

Thus, materiel management, which in its broadest sense includes storage and maintenance, consumes a large part of the budget of most institutions and enterprises Next to expenditures for personnel, which in government accounts for some 60 per cent of total operating budgets, purchases of materials and equipment represents the sec

ond major item of expenditure;¹⁵ by 1948 the Federal Government alone was spending one billion dollars per year for these non-military materiel services, including rent and utilities. Consequently purchasing control, materiel management, equipment maintenance, and such associated subjects as space supervision, office lighting, and air conditioning are coming to be staff or service specialties of high managerial importance.

6. REVENUES AND EXPENDITURES IN PUBLIC MANAGEMENT

Whether consumed for personnel or purchases, public funds come from several sources and are spent for a variety of specific functions. A graphic presentation of this subject was made by the United States Treasury before World War II; but "Felix the Cat," as the financial chart presented on page 476 has been properly dubbed, is just as alive today as he was then.

With newer national responsibilities after World War II which embraced world affairs, the magnitude and proportion of these figures have changed. Instead of a total Federal expenditure of only \$7,691 millions in 1938, the estimated Federal expenditures for 1950 mounted to \$41,858 millions. Of this amount, the national defense bill was \$14,268 millions, or twice the size of the total 1938 Federal budget. Economic and other aid to foreign countries was almost as large (\$6,709 millions). The cost of veteran's services and interest on the public debt ran close behind (\$5,496 millions and \$5,450 millions, respectively). For social welfare, health, and security, \$2,358 millions were allocated.¹⁶

Vast expenditures of this kind raise the problem of relating governmental fiscal management to private economic enterprise.

7. TREASURY CONTROL AND COMPREHENSIVE FISCAL MANAGEMENT

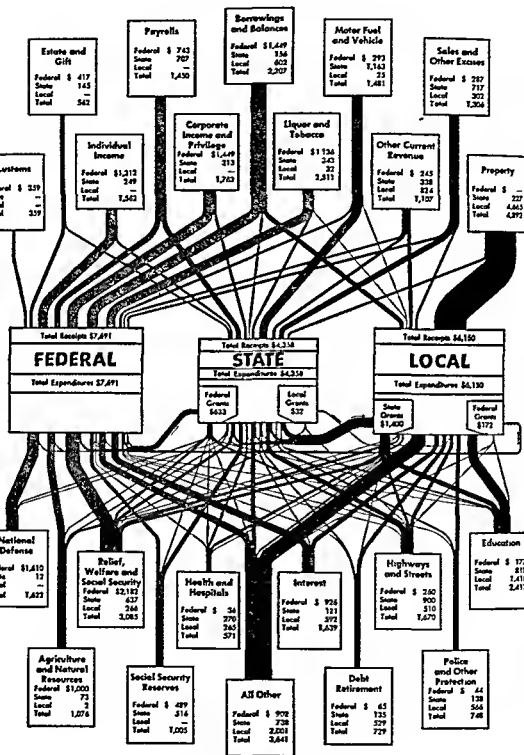
A major problem under such circumstances is that of keeping the fiscal threads together, of establishing a comprehensive system of financial management. If governmental budgets and other fiscal transactions are to be interrelated, comprehensive financial controls

¹⁵ Mosher and Polah: "Extent, Costs and Significance of Public Employment in the United States." *National Municipal Review*, Jan. 1932, vol. 28, pp. 51-75. The Commission on Organization of the Executive Branch of the Government. "Office of General Services—Supply Activities," Feb. 1944, p. 1.

¹⁶ Budget Message of the President, January 3, 1949. The Budget of the United States Government for the Fiscal Year Ending June 30, 1950, p. M 13.

OF FEDERAL, STATE AND LOCAL GOVERNMENTS
FISCAL YEAR ENDING IN 1938
Sources of Receipts and Purposes of Expenditures for General Government
(AMOUNTS IN MILLIONS OF DOLLARS)

Sources of Receipts



Purposes of Expenditures

beyond the traditional forms of treasury and auditing control or even budgetary control are required. This requirement would seem to be essential at least at the crucial Federal government level, where powers and activities have a constant impact on the national economy. The first step in this development in the United States was the assignment of a broader-than-usual fiscal mission to the Bureau of the Budget. How this assignment occurred between World War I and World War II is revealed by (a) a report by Professor W. F. Willoughby and W. W. Willoughby of the Brookings Institution and Professor Samuel Lindsay of Columbia University concerning the findings of an American survey of the British Treasury practices in this connection, and (b) a report of the program as developed in the United States Bureau of the Budget, by the Budget Director James E. Webb, later Assistant Secretary of State.

(a) **WILLIAM F. WILLOUGHBY, WESTEL W. WILLOUGHBY,
AND SAMUEL M. LINDSAY**

***The System of Financial Administration of Great Britain*¹⁷**

The commission entered upon its study of the financial system of Great Britain with a fair appreciation of the fact that to the Treasury Department was given large powers of control in respect to the formation of the estimates that were to be submitted to Parliament. Only as it prosecuted its inquiries into the details of the manner in which the Treasury exercised its powers did it come to a realization that, important as is this power of the Treasury in respect to estimates, it constituted but one feature, one manifestation, as it were, of the far broader power that the Treasury has to supervise and control, not only all matters relating to the financial operations of the Government, but practically all matters of acquiring funds and property and all matters of incurring obligations—which may be called the business functions as distinguished from the public service activities of the Government. More and more, as its investigation proceeded, the commission had borne in upon it the fact that in the Treasury the British Government had a great organ of general administrative control; that upon it fell the duty and responsibility for the final determination of what form of organization the several departments of the Government should have, what personnel was needed, what compensation should be paid, what new undertakings should be authorized, what changes should be made in the employment of funds as provisionally allotted by Parliament, what new grants Parliament should be asked to make, what the works program of the Government should be, etc.; that

¹⁷ William F. Willoughby, Westel W. Willoughby, and Samuel M. Lindsay: *The System of Financial Administration of Great Britain*. Selected from pp. 178–82. Reprinted by permission of Brookings Institution. Copyright, 1929, Brookings Institution.

in discharging this function it was its duty to keep itself thoroughly informed regarding the conditions and needs of the several services and use its utmost endeavor to see that the Government operations were conducted with the maximum of efficiency and economy, that, in a word, the Treasury was the one authority to which Parliament and the public looked to see that public affairs were administered in an economical and efficient manner

The investigation also brought out another fact which the commission is sure has never been adequately appreciated by foreign students, namely, that these broad powers of the Treasury, instead of being exerted once a year when the estimates are brought under consideration, are exerted from day to day throughout the year. Still more important, the fact was developed that not only had the Treasury this important duty of acting as a general organ of administrative control but this duty constituted practically its exclusive function. It is difficult to overestimate the importance of this fact. Until it is appreciated one totally misconceives the place of the Treasury in the British administrative system. Misled by the name, the commission began its inquiries under the impression that the British Treasury corresponded to the Treasury Department of the United States Government, that to it was entrusted, as its primary duty, the management of the national finances, the collection, custody, and disbursement of the public revenues, and that its powers in respect to the framing of estimates were, so to speak, incidental to this duty.

Nothing is further from the fact. It cannot be stated too emphatically that the British Treasury is, properly speaking, not a public service department at all. It has no public service duties of its own. Its functions are entirely auxiliary and controlling—restricted to looking after the financial and physical measures, and to the supervision and control of the activities of other departments. It thus stands in a class by itself as a service superior to and in no sense coordinate with, the departments which render services direct to the public, properly speaking. In fact, it does not deal with the public, it does not collect the public revenues—this is done by the so-called revenue departments, it does not have the custody of the public funds, it does not audit public expenditures—that is done by the Comptroller and Auditor General, it does not administer the public debt—that is performed by a separate organ, the National Debt Commissioners.

It is hardly necessary to point out how fundamental it is that this principle of organization should be understood by anyone who may advocate the principle of treasury control over estimates and expenditures for our own political system. Once we grasp the fundamental status of the British Treasury and the principle upon which its powers rest, all difficulty in the way of understanding why the British system works so smoothly disappears. Until Congress is prepared both to accept the principle involved in having the financial affairs of the administrative services

subjected to a superior supervision and control, and to provide for the creation of a proper organ through which this power shall be exercised, it will not be possible for the United States to have incorporated in its system of government that feature of the British Government which more than anything else is responsible for the efficiency and economy with which the details of Governmental operations are conducted.

(b) JAMES E. WEBB

"Business Organization of the Government"¹⁸

It is generally known that the Bureau of the Budget is one of the key agencies of fiscal management in our government. Less well understood is the extent to which the Bureau's responsibilities extend into the entire administrative process. The Bureau's work involves a great deal more than preparing the Federal Budget.

Estimates work, it is true, absorbs a large portion of the time of the staff. This work is carried on by the Estimates Division, the largest unit in the Bureau. However, this is only one phase in a continuing analysis focused on the evaluation of departmental programs and the efficiency with which they are administered. When the Congress has voted the annual appropriations, it remains for the Budget Bureau to allocate the available funds. Through its quarterly apportionments the Bureau determines the spending rate appropriate to the execution of the programs Congress has approved and to the conduct of administrative operations throughout the next twelve months.

In addition, it is necessary for the President to review the various Federal activities in the perspective of the Government program as a whole. The fiscal program he proposes to the Congress in his annual budget message is formulated in the light of general business conditions. Analysis of the various programs and of economic developments, together with studies of cost factors, is the main task of the Fiscal Division. When organization is weak and administration is floundering, no estimate of financial needs can have much validity. For this reason the founders of the national budget system specifically directed the Bureau of the Budget to give careful attention to problems of administrative structure and operations in order to recommend improvements. The Administrative Management Division in the Budget Bureau is designed to give specific answers to such questions. The preparation of Executive orders and analysis of legislative proposals are performed by the Legislative Reference Division. The Division of Statistical Standards is charged with the setting of standards and the integration of fact-collecting activities of governmental agencies.



¹⁸ James E. Webb: "Business Organization of the Government." Address before the Federal Council of Administrative Management of Metropolitan New York; New York City, October 22, 1946, adapted from pp. 2-4, 6-7.

Budget agencies at the state and local levels of government exercise less comprehensive financial powers and are restricted to more strictly outlined budget duties. Furthermore, the state and local government income or revenues are under less direct control of their respective revenue agencies. The system suffers from the effects of rigidly earmarked funds, locally shared taxes required under state law, independent fee charges and collections by separate departments, and overlapping revenue sources for state, local, and Federal taxes. These practices make comprehensive financial planning and control almost impossible at the state and local levels of government. However, as a result of the evolving network of Federal grants-in-aid or subsidies to states and cities and the growing maturity of the overall fiscal policy of the Federal government, some regularization of state and local revenues and fiscal controls may be anticipated. The co-ordination of some phases of Federal and state income tax administration is already a step in this direction.

B. THE LIMITS OF FINANCIAL ECONOMY

The immediate object of fiscal co-ordination and control is financial economy as well as social efficiency. How is real economy achieved and what are its limitations? Significant comment on this question comes from a variety of sources: (a) British statesman Edmund Burke, (b) Secretary of the Treasury Albert Gallatin, (c) American businessman Henry S. Dennison, and (d) the President's Committee on Administrative Management.

(a) Letter of Edmund Burke to the Duke of Bedford, 1796¹⁹

His Grace is pleased to aggravate my guilt, by charging my acceptance of his Majesty's grant as a departure from my ideas, and the spirit of my conduct with regard to economy. If it be, my ideas of economy were false and ill founded. But they are the Duke of Bedford's ideas of economy I have contradicted, and not my own. In saving money I soon can count up all the good I do, but when by a cold penury I blast the abilities of a nation, and stunt the growth of its active energies, the ill I may do is beyond all calculation. Whether it be too much or too little, whatever I have done has been general and systematic. I have never entered into those trifling vexations, and oppressive details, that have been falsely and most ridiculously laid to my charge. Mere parsimony is not economy. It is separable in theory from it; and in fact it may or it may not

¹⁹ Letter of Edmund Burke to the Duke of Bedford, 1796. *Letter To A Noble Lord* Edited by Albert H. Smyth. Boston: Ginn and Company, 1898, selected from pp. 9, 22, 24.

be a part of economy, according to circumstances. Expense, and great expense, may be an essential part in true economy. If parsimony were to be considered as one of the kinds of that virtue, there is, however, another and a higher economy. Economy is a distributive virtue, and consists, not in saving, but in selection. Parsimony requires no providence, no sagacity, no powers of combination, no comparison, no judgment. Mere instinct, and that not an instinct of the noblest kind, may produce this false economy in perfection. The other economy has larger views. It demands a discriminating judgment, and a firm, sagacious mind.

(b) Letter of Albert Gallatin to Thomas Jefferson, 1801 ²⁰

You will also see that I lay less stress on savings on the civil list than you do. Some may be made, but the total amount cannot be great. The new judiciary, the commissioners of loans, the mint, the accountants of the Navy and War Departments, seem to be the principal, if not the only, objects of reform. Of the clerks I cannot yet say much: those of the Comptroller and Auditor are less numerous and paid less in proportion than those of the Register and two accountants. Transcribing and common ones are easily obtained; good book-keepers are also everywhere to be found; it is difficult to obtain faithful examining clerks, on whose correctness and fidelity a just settlement of all the accounts depends, and still more difficult to find men of talent. My best clerk next to the principal, and who had twelve hundred dollars, has left me to take one thousand in Philadelphia. Under the present circumstances of this place, we must calculate on paying higher all the inferior officers, principally clerks, than in Philadelphia. Coming all new in the Administration, the heads of Departments must obtain a perfect knowledge of all the details before they can venture a reform. The number of independent officers attached to the Treasury renders the task still more arduous for me. I assure you that it will take me twelve months before I can thoroughly understand every detail of all those several offices. Current business and the more general and important duties of the office do not permit to learn the lesser details but incidentally and by degrees. Until I know them all I dare not touch the machine.

(c) HARRY S. DENNISON

"Competence and Economy in Public Expenditure" ²¹

It is well known in private industry that it is possible to be penny wise and pound foolish; to make economies of a negative sort that in final

²⁰ Letter of Albert Gallatin to Thomas Jefferson, 1801. *Writings of Albert Gallatin*. Edited by Henry Adams. Philadelphia: J. B. Lippincott Company, 1879, vol. 1, pp. 71-72.

²¹ Harry S. Dennison: "Competence and Economy in Public Expenditure." *Annals of the American Academy of Political and Social Science*; 1924, vol. 113, pp. 328-29.

cost outrun the wildest extravagances, that it is possible to be too extravagant in overhead but also to save so many dollars in overhead that for every one saved there is a loss of ten under foot. A department running fairly well can always get along without a part of its management for a short time but it won't continue to run as well with part of its leadership cut off. Here is an insidious source of false economies, because so few people can resist the appeal of the next few weeks in favor of the months far beyond.

There is hardly a branch of private industry or of the Government in which important true economies cannot be made if worked out thoughtfully and in a constructive frame of mind, rather than noisily and superficially. But there is no branch in which extravagant false economies are not showy and easy to make—where meataxe economizing cannot lose more than years of good management can recover.

(d) **PRESIDENT'S COMMITTEE ON ADMINISTRATIVE
MANAGEMENT**

"Conclusion"²²

It has been demonstrated over and over again in large organizations of every type in business and in government that genuine savings in operation and true economies are to be achieved only by the provision of *adequate managerial machinery* which will afford an opportunity for central executive direction to pursue day after day and year after year, in season and out of season, the task of cutting costs, of improving the service, and of raising the standards of performance. It cannot be done by arbitrary percentage cuts, arbitrary dismissal of employees, arbitrary consolidation of agencies. It is an operation that must be performed, but for its successful performance we must requisition the skill of the surgeon and his scalpel and not be tempted to call in the butcher with his cleaver.

What constitutes panning on the one hand or genuine economy on the other has remained a controversial question even during the comprehensive discussions of the governmental reforms advocated by the Hoover Commission in the late 1940's.²³ The only warning that one can issue is Dennison's: beware of false economies. One should recognize, however, that the potentialities of both concrete economies and general improvements are almost endless in the field of management. As Burke points out, financial economy is largely a question of priority of effort based on the wisest sense of judgment that a statesman can apply.

²² President's Committee on Administrative Management "Conclusion" *Administrative Management in the Government of the United States* 1937 p. 51.

²³ Remarks of Henry Cabot Lodge *Congressional Record* 80th Cong. 1st Sess. vol. 93 part 9 p. 11455.

9. THE SIGNIFICANCE OF PUBLIC ECONOMIES

Whether the tool used to enforce savings is the cleaver or the scalpel, a broad policy of governmental economy has frequently been undertaken by the national administration. Seldom was this policy more vigorously enforced, however, than during the "return to normalcy" of the 1920's under United States Budget Directors (a) Charles G. Dawes and (b) Herbert M. Lord.

(a) CHARLES GATES DAWES

Governmental Budgeting and Business-like Economy²⁴

At my request the President called a meeting of the business organisation of the United States Government, consisting of Cabinet Heads of Departments, and 1,200 to 1,500 bureau chiefs and others representing the routine business operating staff. This meeting, besides visualising for the first time in our history the business organisation of the United States Government, gave the president and myself, as his agent, opportunity to appeal for co-operation in the effort to reduce government expense.

In closing my speech, I said: "Fellow Bureau Chiefs, are you willing, after hearing what I have said, that I should now represent you in addressing myself directly to the President of the United States with an assurance of your co-operation in his request for a reduction of governmental expenditures? If you so agree, if you are willing, will you indicate it by standing?" (The entire audience arose. The President of the United States arose, followed by applause. The Cabinet and other Officers on the platform also arose.) "I wish to say to you, Sir, that the men before you realise the cares and perplexities of your great position. They realise that at this time the business of our country is prostrated, that men are out of employment, that want and desperation stalk abroad, and that you ask us to do our part in helping you to lift the burden of taxation from the backs of the people."

To which the President of the United States responded: "I thank you all for your presence and your commitment to this great enterprise."

At the time of this first meeting, 29th June, of the routine business system of the United States, presided over by the President, the heads and bureau chiefs of the forty-three departments, and independent establishments of the Government there represented had been authorised through appropriation already made by Congress to spend for the fiscal year 1922, upon which they would enter two days later, the sum of \$1,834,865,762.01. As a result of this appeal to them as a united organisation after

²⁴ Remarks of Charles Gates Dawes to Federal bureau chiefs and others, June 29, 1921. Quoted by Josiah Stamp: "Departmentalism and Efficiency." *Public Administration*, July 1932, vol. 10, selected from pp. 226-28. Reprinted by permission.

less than three weeks of consideration and revision of what they had for merly regarded as their necessities, they had promised to save \$112,512, 628 32 out of their appropriations. In other words, of the amount appropriated for them to spend in 1922, as a result of the new system they saved 7-8/10ths per cent in the first eight months of its operations. We afterwards estimated and itemized in an official report to Congress, covering 170 ordinary book pages, the final savings for the year as amounting to \$250,134 835 03

(b) H M LORD

'The Budget System and Economy'²⁵

It has been said by some one that the Director of the Bureau of the Budget in carrying out the executive policy of retrenchment should have the hide of a rhinoceros and a backbone of steel. He should also have a heart of flint to withstand the appeals of eloquent advocates of great national projects urging favorable recommendation to the President for colossal sums for reforestation, good roads, rivers and harbors, public buildings, reclamation research, and the like. The Director of the Bureau of the Budget yields in point of national pride and public spirit to no person in the Federal service or out of it. He has vision to see the broad slopes of our denuded hills and mountains again clothed in the glorious majesty of stately forests, he has vision to see the hamlets, villages, towns, and cities of our country bound together by broad ribbons of faultless highway, over which rumble the ponderous trucks of commerce and over which speed the limousines of the rich and the flivvers of the more moderately circumstanced, he has vision to see imposing public buildings adorning the public squares of our populous communities, he has vision to see our bays and rivers bearing unvexed on their placid bosoms the commerce of this and other countries pointing to the last word in river and harbor construction, he has vision to see every last and foot of land converted into an Eden of productive fertility, he has vision to see this wonderful country by the expenditure of Federal billions transformed into a Utopia of comfort, convenience, and beauty, he has vision to see all this, and then some one hands him a Treasury statement and he wakes up. These important Government projects must be provided for, but only to the extent that the condition of the Treasury and the plight of the tax payers will warrant.

I am not speaking in any spirit of complaint or criticism. In the consideration of estimates the sympathy of the Director of the Bureau of the Budget is generally with the executives, who in most cases support

²⁵ H M Lord. *The Budget System and Economy*. Address delivered before Sixth Regular Meeting of the Business Organization of the Government. Washington January 21 1924. Quoted by Rodney L. Mott. *Materials Illustrative of American Government* pp 165-66. Reprinted by permission of The Century Co. Copyright 1925, The Century Co.

their requests for appropriations so ably and earnestly as to challenge his admiration. He faces across the table experts from the many bureaus of the Government—able, trained men, loyal to the particular Government interests they represent, and convinced of the supreme importance and prime necessity of the services and projects for which they so eloquently plead. In this financial arena he encounters personal friends with whose great abilities, professional and scientific attainments, and devotion to duty he is thoroughly familiar. To deny their requests, to chill their enthusiasm, and to defeat their cherished plans, which the executive policy of economy at times demands, is not a pleasant duty.

Some months ago I made the statement that when the Director of the Bureau of the Budget became popular he should be immediately dismissed. My experiences the past few months have confirmed the wisdom of that conclusion. . . . I have stated often and emphasized repeatedly that the Director of the Bureau of the Budget has no financial policy of his own. He endeavors, impartially and impersonally, to have reflected in the Budget the financial policy of the Chief Executive, which should be and must be the policy of the personnel who make up the administration, from the char-women who mop the office floors to the distinguished statesmen who sit in august dignity around the Cabinet table. If in applying that executive policy he does not have due regard to the rights of all Federal agencies, it is from fault of judgment and never from lack of intent to be fair and just. He earnestly desires the friendly regard of the services, but if he cannot have their friendship he must have their respect.



Department heads and their subordinates conformed with these budgetary policies and did not, as was sometimes the custom in subsequent administrations, violate the presidential injunction not to exceed budgetary requests in testimony before congressional committees.²⁶ There was thus a Spartan philosophy of public administration behind the vigorous budgetary practices of the Coolidge era.

10. PUBLIC BUDGET AND PRIVATE ECONOMY

This idea represented but one of the alternative theories of American budget-making. The relationship of the public budget to private enterprise is a controversial issue of the American political economy which is explored below by Beardsley Ruml. Dr. Ruml has had extensive administrative experience and has held the following posts: Dean of the Social Science Division at the University of Chicago, Federal Reserve Bank Director, and Treasurer of Macy's department

²⁶ See V. O. Key: "Legislative Control." *Elements of Public Administration*, edited by Marx, p. 350.

store in New York City. An instigator of many progressive fiscal ideas, such as the withholding system of income tax administration, Ruml has advocated a more aggressive Federal fiscal policy in relation to private business.

BEARDSLEY RUMI

Balanced Budget v Compensating Fiscal Policy²⁷

Fundamentally, all possible Federal fiscal and monetary policies are variants of one of two opposite policies. These may be designated briefly as (1) The balanced budget policy and (2) the compensatory fiscal policy.

The essence of the balanced budget policy is of course so to manage Federal fiscal operations that, over all, receipts and disbursements balance. The purpose of this policy is to remove or to neutralize the effect of national budgetary operations, as such, on the private economy. If expenditure balances income, the net effect on dollar purchasing power in the hands of the public is presumed to be zero. Under these circumstances, the private market place can function. It is argued that price so determined is the best method of assuring that desired goods and services are supplied, that initiative is stimulated and rewarded, that prices are fair, that quantities are right, that the correct balance is maintained between savings and consumption and that all who want to work shall have employment.

The essence of the compensatory fiscal policy is very different. It argues that in the absence of demand the market place cannot function, because the factors of production—capital, management, labor, and agriculture—will not permit prices to fall to the point where full production would be maintained. Accordingly, for the reasonable maintenance of demand, and therefore of production, the intervention of the Federal government is required from time to time to provide purchasing power in the hands of the public.

The balanced budget policy requires that ideally the Federal budget should be in balance every year, the compensatory policy requires that ideally the Federal budget should be related to the activity of private business and therefore should show either a deficit or a surplus of some amount. It is also clear that between these policies an absolute choice must be made if we are to have any fiscal policy at all. The policies are opposite and do not permit of any compromise or intermediate position.

The arguments in favor of a balanced budget policy are of three general kinds, economic, political and psychological. The economic argument states that any policy other than that of a balanced budget will

²⁷ Beardsley Ruml. *The Business Man's Interest in National Fiscal Policy*. Advanced Management. Fall 1939. vol. 4. selected from pp. 123-24. Reprinted by permission.

disturb the free competitive markets and will prevent supply and demand having their natural effect on prices of goods and services, and therefore on production, distribution and consumption. The political argument states that any policy other than a balanced budget policy puts too much power in the hands of the controlling political party. The prevailing [psychological] beliefs that are relevant to fiscal policy are, first, no individual, corporation or state can live beyond its income indefinitely; second, debts contracted must be paid, and honor requires that no debt should be contracted unless there is intention and possibility of repayment; third, you can't get something for nothing; fourth, irredeemable paper currency in the end becomes worthless.

The fundamental argument for such a [compensatory fiscal] policy rests on two separate but related considerations. First, we have in this country a private, competitive capitalist system. This system is based on the private and voluntary use of debt, credit and savings by individuals and corporations. The operation of this system involves necessarily from time to time increases and decreases in aggregate purchasing power with no corresponding increase or decrease in potential production. The consequences are distorted price relationships, boom and depression, and persistent under-employment. Such instability is morally and politically destructive. Therefore, for these changes in aggregate purchasing power, arising from the very nature of private capitalism as we know it, the national state must compensate in the management of its fiscal and monetary operations.

Second, the effect of the application of science and technology to production is to increase potential production. The mere creation of this increase in potential production does not of itself insure either (a) that there will be corresponding increase of purchasing power, or (b) if there be such increase of purchasing power that it will be spent on consumption or invested in new plant. Accordingly, to maintain reasonably full employment and full production, the Federal government must be prepared to provide from time to time necessary additional purchasing power through the management of its fiscal and monetary operations.

A compensatory policy is not new to American experience. The powers of the Federal Reserve System with respect to open market operations, reserve requirements and rediscount rates have been established with compensatory action in the monetary field in mind. The extension of this policy to the management of the budget and of taxation would supplement existing compensatory devices. It is argued that this extension is now made necessary by the violence of recent swings in business activity.



Ruml did not stand alone in his preferences for the compensatory fiscal system nor was the system merely a creation of the Roosevelt New Deal or a European theory borrowed from the influential British

economist John Maynard Keynes.²⁸ As early as 1932, Ralph E. Flanders, head of the Society of Industrial Engineers and later Republican senator from Vermont, surprised some of his colleagues in the American Management Association when he suggested 'that we consider the possibility that the government budget shall be based, not on the fiscal year, but on the whole period of the business cycle, and that we consider whether it is not possible to find, in the course of the business cycle, a time when it is advisable to borrow, a time when it is advisable to repay loans, a time when it is advisable to expand public works, a time when it is advisable to contract them'²⁹

11 BUDGETARY PLANNING AND ECONOMIC CONTROL

By the end of the 1940's, the cumulative policy of the New Deal, World War II, and the post war recovery years had clearly set the national government on the course advocated by the compensatory fiscal theorists. The philosophy of the newer fiscal policy was clearly expressed by President Truman in his report to Congress in 1947

HARRY S. TRUMAN

"The Economic Report of the President"³⁰

It is obvious that Government transactions, which—including Federal, State, and local government—total more than a fourth of our national product, profoundly affect the whole economy. An analysis of the economic impact of Government expenditures is facilitated by a break down of the totals according to the type of recipients and character of the payments. Federal payments to the public are classified along lines of economic significance [as shown in the table on the following page].

While Federal cash expenditures are expected to decline by about 6 billion dollars from calendar year 1946 to calendar year 1947, State and local expenditures are expected to increase by approximately 1 billion dollars, largely because of a probable increase in expenditures for public works, veterans' bonuses, and an increase in pay rates.

On the plus side of the economic ledger we possess a fabulous wealth of resources. Our industrial plant is larger and, in many cases, better than ever before. Funds for business expansion are ample and profit in

²⁸ John Maynard Keynes *The End of Laissez Faire* London: L. V. Woolf 1927. John Maynard Keynes *The Means to Prosperity* New York: Harcourt, Brace and Company, 1933.

²⁹ Ralph E. Flanders "The Management Point of View on Economic Planning" American Management Association, General Management Series, 1932, No. 118 pp. 6-8.

³⁰ Harry S. Truman "The Economic Report of the President" *The President's Economic Report to Congress* January 8, 1947 selected from pp. 17-20.

centives are high in most lines. Our labor force has greatly increased its number of semiskilled and skilled workers. The spending power of consumers, as a whole, is much higher than it ever was before the war. Consumer desires are fortified by a backlog of unsatisfied wants, particularly

FEDERAL CASH PAYMENTS (INCL. NET LOANS) TO THE PUBLIC

[Billions of dollars]

PAYMENTS TO—	CALENDAR YEAR		CHANGE
	1946	1947	
1. Active Federal personnel:			
Civilian	5.2	4.3	-0.9
Military	6.1	3.6	-2.5
Total	11.4	7.9	-3.5
2. Individuals (other than active Federal personnel):			
Civilian	4.1	3.7	-0.4
Military	7.8	6.5	-1.3
Total	11.9	10.2	-1.7
3. Farmers (Incl. food subsidies)	1.0	1.2	+0.2
4. Business	1.8	1.0	-0.8
5. Holders of the Federal debt (interest payments)	3.9	3.7	-0.2
6. State and local governments	1.0	1.5	+0.5
7. International organizations, foreign governments and U. S. exporters	2.1	3.9	+1.8
8. Producers of goods & services, transportation & miscellaneous	11.6	9.7	-1.9
Total	44.7	39.0	-5.7

for housing, commercial construction, automobiles, household appliances, furnishings, and other durable goods. There are long-deferred and needed public works—Federal, State and local. There is a strong and sustained foreign demand.

While these favorable factors in our economic situation are fundamental, it is more practical and profitable to examine weaknesses that need corrections than to congratulate ourselves upon the blessings which we already enjoy. Chief among the unfavorable factors is the marked decline in real purchasing power of great numbers of consumers, resulting from the large price increases in the second half of last year. Weakening of the activity of investment might operate also as an obstacle to maximum employment, production, and purchasing power. If industrial and commercial construction slackens, and prices for residential construction remain high as compared with incomes of laborers and white-collar workers, our maximum employment objective might be threatened this year or soon thereafter. Labor-management strife, with severe work stoppages,

remains a possibility. This would directly interfere with production or employment by creating or intensifying shortages of materials, parts, or equipment. Through creation of uncertainties about demand or supply and costs of materials, it might lead to reductions in business outlays for plant, equipment, and inventories.

During this year, the underlying favorable factors are strong enough to maintain high prosperity. But this year brings us face to face with maladjustments and unfavorable possibilities which, if not corrected or prevented, could cause a recession in production and employment. The Government will watch this situation and be prepared for action if needed.

Financial control, budgeting, and fiscal control had thus increased in importance from planning and planning individual items of governmental expenditure to influencing private enterprise and directing the social affairs of the country. The question was not merely, as was said to Alice in Wonderland, that "budgets are just the opposite of midgets and are getting bigger and bigger", administrators realized that budgets were an intrinsic part of an interdependent system of private enterprise and public management instead of devices for mere governmental accounting. E. Pendleton Herring exposed the basic forces that were now at play in fiscal management when he stated in 1948: "The formulation of fiscal policy lies at the dead center of democratic government. It is the very essence into which is distilled the conflict between the haves and the have-nots."

When the government uses its legal controls of economic affairs in order to attain social ends, purely financial standards are inadequate."¹¹

SUMMARY

Some of the most dramatic strides of modern management have been made in fiscal and budget administration. The broad trend was recently described by Edwin G. Nourse, chairman of the President's Council of Economic Advisers: "A quarter of a century ago we began to develop machinery for a coordinated financial program for the federal government through the Bureau of the Budget. Relatedly we have now launched a parallel agency to aid in developing national economic policy on a similarly comprehensive basis."¹² Perhaps no instrument of modern management is more powerful or more pretentious than fiscal control and public budgeting, and at the same time genuinely related to the common welfare. When an adminis-

¹¹ E. Pendleton Herring, "The Politics of Fiscal Policy," *The Yale Law Journal*, March 1938, vol. 47, pp. 728-730.

¹² Edwin G. Nourse, "Public Administration and Economic Stabilization," *Public Administration Review*, Spring 1947, vol. 7, p. 91.

trator, manager, or executive in government, business, labor, or social organization makes fiscal decisions or engages in financial transactions, he is utilizing the resources of the public budget. The individual's misjudgments are not readily discernible, but the cumulative wisdom of such decisions is the key factor in making the community, the modern state, and the world society efficient.

PLANNING AND PROGRAMMING

ANOTHER IMPORTANT managerial function is planning, programming, or program planning. The average administrator or manager rightly believes that he is already doing a considerable amount of program planning as part of his budgeting function, since budgeting may be defined as monetary planning. Administrative programming and the planning function, however, go beyond budgeting. In fact, the term planning has so many connotations that it has become one of the most controversial terms in the technical field of public administration. One student of administration, although generally sympathetic to planning as a managerial technique, has criticized planning as "one of those tools in the use of which there is a lot of Ho and very little Heave."¹

An ideological suspicion adheres to the concept of economic planning, social planning, or the planned society. Even the idea of administrative planning frightens many administrators who have lost faith in the power of prevision. Nonetheless, planning or programming as a managerial device has been widely accepted in contemporary society, and to a degree that acceptance has also produced a disposition toward more comprehensive forms of governmental, economic, and social planning.

The variety of accepted usages of the planning concept is suggested by the following outline of materials covered in this chapter:

1. Conceptions and definitions of planning

¹ Upson, *Letters on Public Administration* p. 31

2. Local and state planning and programming
3. State and national planning, conservation, and development
4. Regional planning
5. National planning to prevent waste
6. National planning, democracy, and liberty
7. Planning, capitalism, and socialism
8. The stages of planning
9. Program planning and administrative planning
10. Planning and budgeting
11. The planning process
12. Planning and research

1. CONCEPTIONS AND DEFINITIONS OF PLANNING

Harold D. Smith, United States Director of the Budget, presented the concept of planning in simple and understandable terms. His definition, and that of the National Resources Committee, an official Federal planning agency of the late 1930's, are quoted below.

(a) HAROLD D. SMITH

"Administration and Planning"²

Any discussion of planning is obscure and confused because of the great number of meanings of the term itself. A city plan at one time meant something fairly definite, but now even the city planners argue at length about "what is planning?" To an economist, planning may mean the exercise of administrative choices in the utilization of resources. Planning, to an administrator, may often mean the development of detailed estimates of work loads. In other instances, planning is that vague activity carried on by a division or a bureau of research, a process regarded by the administrator as a "good thing," but often neither well understood nor adequately utilized.

A special language of planning, often intelligible only to the initiated, seems to have been invented. Furthermore, the words of that special language seem to mean different things to different people. The word "planners" itself tended, during the past ten years, to become a term of opprobrium. During a major portion of that period, planning was likely to be linked primarily with social and economic theory, often of a radical nature. It was associated much of the time with the idea of long-haired professors or wild-eyed thinkers who removed themselves from the

² Harold D. Smith: "Administration and Planning." Address before the Society for the Advancement of Management, Washington, D. C., Chapter; February 17, 1944, selected from pp. 1-4.

course of everyday life where planning was a natural thing, theorists who shut themselves in ivory towers to develop their own schemes for the complete salvation of man. Planners came to be considered as persons possessed of special powers of clairvoyance. This tended to set them apart from ordinary mortals. As a consequence, they were misunderstood and suspected.

Fortunately for the future of planning—particularly in administration—the ill repute in which planning has recently been held is rapidly disappearing. Today we find heads of corporations pleased to be called planners. We find labor leaders devoting much of their time frankly and proudly to planning, appraising the problems of the future and seeking solutions. We find within government a growing acknowledgement of the role of planning. We find the public less suspicious toward the word and the process, more understanding of the need of it. Although we still have far to go, we are definitely progressing in our understanding, acceptance and support of planning.

(b) NATIONAL RESOURCES COMMITTEE

Progress Report³

Continuous planning is needed for the conservation and wise development of our national resources—both natural and human. With new inventions, new ideals, and new discoveries, no fixed plan or policy will suffice; for any rigid mold or blueprint plan, if strictly adhered to, may restrict our freedom rather than enlarge it. If we adopt as our constant objective to hand down to our children an unimpaired physical inheritance in the natural wealth of this continent, then we must constantly make new plans to meet new conditions.

The National Resources Committee is concerned with a kind of planning which is a peculiarly American custom, based on an enthusiastic belief in the ability of a democracy to utilize intelligence. We all plan—we try to look ahead, to think of eventualities for ourselves, our families, our business, and for our common welfare. We get an "estimate of the situation," as our military friends put it, involving more or less conscious research and appraisal of the facts. We think we might do this, or we think we might do that to meet a given situation. That is rudimentary planning. We develop a plan or alternative plans. If we are wise, we look before we leap.

The numerous expressions of the planning technique fall into two broad types: (1) the kind which involves governmental interposition in the economy,⁴ and (2) the less controversial type of

³ National Resources Committee *Progress Report* October 1937, selected from PP 1-3.

⁴ Carl Landauer *Theory of National Economic Planning* Berkeley and Los Angeles University of California Press, 1944.

planning in both business and government which concerns internal policies and administrative procedures requiring prevision and foresight by executives.

2. LOCAL AND STATE PLANNING AND PROGRAMMING

One concrete form of planning and programming which has been widely recognized by business men as well as by governmental administrators is city planning and the related functions exercised by state government. The development of the planning function at this level has been described by (a) George B. Galloway, already quoted in his capacities as engineer, economist, and Federal consultant;⁵ (b) Lewis L. Lorwin, who has been a teacher of economics at Columbia University, Wellesley College, Beloit College, and the University of Montana, and an economist employed by the Federal government; and (c) and (d) the reports of the Federal Works Agency.

(a) GEORGE B. GALLOWAY

*Planning for America*⁶

The American planning movement was indigenous in origin, antedating both the Five-Year plans of Soviet Russia and the Four-Year plans of Nazi Germany. Indeed, the totalitarian states have borrowed many of their techniques from American industry, science, and statecraft and have adapted them to undemocratic ends. American planning stems from at least four native American sources: from the planning movement in American cities; from the conservation movement in natural resources, which dates back to the early years of this century and owes its inception to the efforts of Theodore Roosevelt and Gifford Pinchot; from the scientific management or industrial engineering movement in American industry fathered by Frederick W. Taylor; and from the contribution of the social sciences to an understanding of human institutions, values, and activities. Thus the intellectual paternity of American planning is not of foreign importation, but is found in the gradual collaboration and synthesis of domestic theory and practice under the exigencies of depression, unemployment, and war. American city and regional planners, architects, engineers, builders, conservationists, and social scientists have cooperated with public-spirited citizens to create the American planning movement and have fused their skills and techniques in a joint attack upon their common problems.

⁵ See Chapter 9.

⁶ George B. Galloway: *Planning for America*. P. 5. Reprinted by permission of Henry Holt and Company. Copyright, 1941, Henry Holt and Company.

(b) LEWIS L. LORWIN

Time for Planning⁷

We shall consider first the development of city planning. In a sense this movement may be traced back to Jefferson's planning of the University of Virginia, to L'Enfant's planning of the city of Washington, to Alexander Hamilton's attempt to have L'Enfant lay out a plan for Paterson, New Jersey, and to the plan of Manhattan in 1811. In its modern phase, city planning came into being in the middle of the nineteenth century as a reaction against the rapid and disorderly growth of cities with their ugly and unsanitary features. In its origins, city planning was imbued with a democratic concern for the social welfare of the people, regardless of the fact that some of the enterprises carried out under its flag reeked with corruption.

For about fifteen years after the Chicago World's Fair in 1893, city planning was diverted from its original ideas. Taking as its slogan "The City Beautiful," it aimed largely at an external aestheticism which had little relation to the economic and social realities of municipal life. In 1909 the movement experienced a revival which was in harmony with the growing social consciousness of the times. That year was marked by three significant events: the preparation of a plan for the city of Chicago, the beginning of a democratic effort in city planning in Dallas, Texas, and the holding of the first National Conference on City Planning in Washington, D. C. convened by a New York committee on congestion of population. From that year to 1917, city planning grew in scope and content. It laid the foundations of some of its techniques—such as surveying, mapping, and especially zoning, i. e., the establishment of districts within a city for the purpose of regulating the use of property. During these years the movement also established organizations to promote its ends. In 1910, the National Conference on City Planning became a permanent organization. In 1911, the National Housing Association held its first conference. In 1917, the American City Planning Institute was formed as a section of the National Conference on City Planning.

These years also witnessed the first steps in state organization and in legislation favorable to city planning. In 1912, the Massachusetts Homestead Commission was formed as an experiment in state aid to housing, its functions were shortly enlarged to include the encouragement of local planning boards and the gathering of information on city and town planning for the use of these boards, in 1913 the commission initiated annual planning conferences, out of which grew in 1916 the Massachusetts Federation of Planning Boards. In 1913, the City Planning Association of Los Angeles was organized, and a year later the first state conference on city planning was held in California. At the same time,

⁷ Lewis L. Lorwin, *Time for Planning*. Selected from pp. 104-06, 129. Reprinted by permission of Harper & Brothers. Copyright 1945 Harper & Brothers.

voluntary associations were formed in different cities to promote and educate the public for the support of city planning.

A large part of the city planning before 1917 was impracticable and vitiated by inadequate considerations for social need and financial possibilities but it gave the first stimulus to a larger consideration of aims and methods. With the passage of the New York Zoning Ordinance of 1916, it had achieved the recognition of the economic and social validity of one of its major techniques. City planners in this period, and to an even more marked extent subsequently, were forced to extend the scope of their activities. The city emerged from their studies as part of a region. The facilities which they were planning were seen to be functions of the form of social life. Thus a school building program was meaningless apart from a definite policy with reference to the period of education and the nature of the curriculum. Recreational programs determined the planning of open spaces. The transportation facilities conditioned the nature of urban concentration or decentralization. The vanguard of the city planners began to regard compasses and T squares as accessories, and to concentrate attention upon the nature of the social life they were building.

City and regional planning had a steady development after 1920 and became an accepted aid in municipal government. By 1930, there were 850 communities in the United States which had zoning plans and ordinances and over 300 planning agencies at work on general city plans. Between 1929 and 1932, land planning also assumed a new amplitude and importance.

(c) FEDERAL WORKS AGENCY

"Public Works Planning"⁸

For the first time in United States history State and local public works projects are being planned in all their technical details in a period of near-peak employment and on a Nation-wide scale far in advance of construction. Federal, State and local governments are participating in this planning program, and a considerable volume of completed plans should be ready for contract letting in the event another general business depression is threatened. A large part of this plan preparation by State and local governments is being financially assisted by the Bureau of Community Facilities under the authority granted in Title V of the War Mobilization and Reconversion Act of 1944. But some State and local governments also have been able to complete a sizeable volume of plans without Federal assistance, although the greater volume of this unassisted planning is concentrated in a few of the larger cities in five or six States, principally New York.

Public-works construction as a means of providing employment

⁸ Federal Works Agency: "Public Works Planning." *Seventh Annual Report of Federal Works Agency*; 1946, selected from pp. 7-8.

when job opportunities narrow in private business has been used by governments from time immemorial. The pyramids of Egypt, though of no utilitarian value except as tourist attractions and memorials to dead kings are thought to have been conceived as projects upon which hundreds of thousands of otherwise jobless men could be put to work. The ancient Romans created jobs by building roads that laced the empire, aqueducts, bridges and other public works. Technological advances during the last century, however, have imposed new conditions relating to public works. Because of these advances structures of all kinds have become increasingly complicated. They require meticulous advance planning before construction operations can begin to assure that the myriad separate elements which are to compose them will fit together in a unified and useful whole. This preliminary work must advance through several stages: a site or right of way must be selected, the title cleared and possession obtained, sometimes through the tedious and time-consuming process of condemnation. Engineering surveys must be made and working drawings prepared. Specifications must be written, financing arranged, and contract documents drawn up.

An attempt to use public works construction as a means of relieving unemployment was made during the depression of the 1930's. In 1933 Congress authorized in the National Industrial Recovery Act a nationwide program of Federal, State, and local public works and made an initial appropriation of \$3,300,000,000 for the purpose. Some 35,000 useful projects resulted from this program, but the dearth of completed plans that could be put into operation quickly diminished the usefulness of the program for its primary purpose. A Public Works Administration was created and a modest beginning was made upon a few Federal projects for which plans had been sufficiently advanced to permit the start of some construction. State and local governments were invited to apply for loans or grants to assist in financing projects, but few of these authorities had plans either completed or underway. So many delays attended the beginning of the program that 18 months later only 100,000 men had been put to work on non-Federal construction. To that extent the program failed to give the needed initial impetus to the revival of the construction industry, an impetus which might have diminished the later necessity of turning to made-work projects as an alternative.

(d) FEDERAL WORKS AGENCY

Report on Plan Preparation of State and Local Public Works*

The Advance Planning Program of the Bureau of Community Facilities [of the Federal Works Agency] has been in operation since May 1945. Over that period appropriations totaling \$65,000,000 have been

* Federal Works Agency, *Report on Plan Preparation of State and Local Public Works*, December 31, 1946, selected from pp. 1-2, 4.

made for this program; and, after setting aside administrative expenses, \$62,917,000 was available for apportionment among the States as planning advances. Planning advances have been approved to various State and local public bodies in a total amount of \$46,606,763, as of December 31, 1946, leaving available for further advances the sum of \$16,310,237. At this date there were applications under review for planning advances totaling \$33,696,518. The advances thus approved by the Bureau are for the plan preparation of proposed public works having an estimated construction cost of \$1,529,211,000. The total volume of public works that can be planned with the 65 million dollars thus far appropriated is estimated at about 2.1 billion dollars in terms of construction costs.

The primary purpose of these advance planning activities is the creation of a reserve of public works, fully planned and ready to be put under construction as economic conditions warrant. The reserve should consist of those useful public works that are necessary for the safety, health and welfare of our communities. There is no occasion to turn to works of doubtful usefulness in building up a reserve. Our communities must make up for deficiencies due to the postponement of normal public improvements during the war and in the early post-war period; they must quite generally extend, modernize or replace existing public works and must in many instances construct works of newer types, in order to meet the expanding needs of their populations under changing conditions. No brief burst of public construction activities will suffice to meet the existing community need for various types of public works; construction must necessarily be distributed over a period of years. Advance planning that to any considerable extent approaches the known volume of need now existent will provide a reserve of public works for many years ahead.

Major L'Enfant and Alexander Hamilton were not the only historic names associated with American city planning. George Washington was also concerned about the architectural and land-use details of the new Capitol: "Ought there to be any wood houses in town?" he inquired in 1791, directing his question to Jefferson who, as Secretary of State, was regarded as the responsible cabinet member for the Capitol city's plan. Washington asked further: "Ought not stoups and projections of every sort and kind into the streets, to be prohibited absolutely?"¹⁰ Concerned with more urgent affairs of national security, General Uriah Forrest commented to Secretary of War McHenry that "General Washington is . . . singularly attentive to . . . the Federal city (being rather a *Hobby Horse* of his)." ¹¹

¹⁰ George Washington: Letter to the Secretary of State, August 29, 1791. *The Writings of Washington*, vol. 31, p. 352.

¹¹ Publications of the Southern History Association; 1906, vol. 10, p. 33. Quoted in White: *The Federalists*, p. 106.

The idea of public works planning in the cities and states and the subsequent system of "advance planning grants" administered by the Federal Works Agency has a long history in the United States. The public improvements controversy which reached its height under President John Quincy Adams in the 1820's was, as we shall see, an early manifestation of this movement. In 1888, the newly formed American Economic Association studied *The Relation of Modern Municipalities to Quasi Public Works*, and during the depression of 1893-94 several American cities experimented with a relief program which emphasized a public works program.¹² It was not until World War I that the first American state, Pennsylvania, established an Emergency Public Works Commission to administer such a program. A Federal Emergency Public Works Board with an appropriation of \$100,000,000 for the use of state, local, and Federal agencies, was also considered by Congress at the end of World War I. However, even though supported in the depression year of 1921 by the American Association for Labor Legislation and Secretary of Commerce Herbert Hoover, a national public works policy for states and cities was not adopted until after the "Hoover depression" of the late 1920's.¹³ Meanwhile, American cities were formulating their detailed master plans and public works programming techniques. For example, during the reform administration of Mayor LaGuardia in New York City in the 1930's a comprehensive system of planning programming, budgeting, and administering the city's vast public works outlays and capital improvements was instituted under the City Planning Commission.

The advance planning system administered by the Federal Works Agency grew out of the program of the National Resources Committee, or the National Resources Planning Board, as it was later known, for the development of a Federal 'Public Works Reserve' as a device for creating a 'shelf' of local and state public works plans for slack times.¹⁴ Public works surveys were conducted in numerous cities, some of which drafted and adopted "six year programs of municipal improvements" resembling the capital budget program of the

¹² Report of the Committee on Finance. *Publications of the American Economic Association* Monograph no. 6. Vernon A. Mundt. *Prosperity Reserves of Public Works*. *Annals of the American Academy of Political and Social Science*. May 1930, vol. 149 and supplement.

¹³ Ibid. Secretary Hoover was also instrumental in the drafting and distribution through the Department of Commerce of the first Federally sponsored model city planning act.

¹⁴ For an earlier reference see N. I. Stone. "A National Employment Reserve for Lean Years and Seasons." *The Survey* June 23, 1915, vol. 34, p. 441, et seq. The NRC published in 1938 its basic analysis in this field. *Division of Costs and Responsibility for Public Works* and in 1941 the NRPB published its procedural manual on *Long Range Programming of Municipal Public Works*.

New York City Planning Commission. The movement found fertile ground among the city planning agencies throughout the country. By 1948, more than 600 cities—almost three-fourths of the American cities of over 10,000 inhabitants—had created such planning agencies, and a number of them had seriously embarked upon long-range public works planning and programming. Actual construction was slowed up by the economic pressures during the war and immediate post-war period. However, a newer impetus to city planning appeared in the sizable proposals made and the experimental projects launched in the field of governmentally subsidized private housing; municipally managed public housing, state-aided slum clearance, and federally assisted urban redevelopment.

As the country entered the second half of the twentieth century this program of urban, metropolitan, and "rurban" reconstruction and replanning pointed to more potential changes in public planning.

3. STATE AND NATIONAL PLANNING, CONSERVATION, AND DEVELOPMENT

The American states, aside from acting as (1) a formal channel for Federal planning funds and services to the cities, have (2) programmed and planned their own public works, and have (3) emphasized the functions of industrial planning, economic development, and conservation of resources. The conservation and development aspect of the planning movement, like the state and local public works phase, received a major impetus from the Federal government. Nevertheless, the role of the Federal government here has raised several controversial issues which date back to the administration of President Theodore Roosevelt.

(a) THEODORE ROOSEVELT

The New Nationalism ¹⁵

It is time we should wake up the country as to the need of using foresight and common sense as regards our natural resources. We of this generation hold the land in part for the use of the next generation, and not exclusively for our own selfish enjoyment. We have passed the time when we will tolerate the man whose only idea is to skin the country and move on. As it is with him, so it is with the nation. These resources must be kept for the whole people and not handed over for exploitation to any single individual or group of individuals. We do not intend to discourage

¹⁵ Theodore Roosevelt: *The New Nationalism*. Selected from pp. 51-53, 55, 57-58, 78-79. New York: The Outlook Co.; 1910. Reprinted by permission.

individual enterprise by diminishing unwisely the reward for that enterprise

In the matter of Conservation, I heartily approve of state action where, under our form of government, the state, and the state only, has the power to act. But by actual experience in the East we have found to our cost that the nation, and not the several states, can best guard the interests of the people in the matter of the forests and the waters, and I am at this moment doing all I can to increase in the East the power of the national government at the expense of the power of the several state governments of the eastern states, because we have found by bitter experience that only thus can we adequately protect our natural resources.

Take the question of the control of the water power sites. The enormous importance of water power sites to the future industrial development of this country has only been realized within a very few years. Unfortunately, the realization has come too late as regards some of the power sites, but many yet remain with which our hands are free to deal. We should make it our duty to see that hereafter the power sites are kept under the control of the general government for the use of the people as a whole.

Now, my friends, America's reputation for efficiency stands deservedly high throughout the world. We are efficient probably to the full limits that are permitted any nation to attain by the methods hitherto used. The average American is an efficient man who can do his business and it is recognized throughout the world that this is so. Through a practically unrestrained individualism, we have reached a pitch of literally unexampled material prosperity although the distribution of this prosperity leaves much to be desired from the standpoint of justice and fair dealing. But we have not only allowed the individual a free hand, which was in the main right, we have also allowed great corporations to act as though they were individuals, and to exercise the rights of individuals, in addition to using the vast combined power of high organization and enormous wealth for their own advantages.

This development of corporate action, it is true, is doubtless in large part responsible for the gigantic development of our natural resources, but it is not less responsible for waste, destruction, and monopoly on an equally gigantic scale. The method of reckless and uncontrolled private use and waste has done for us all the good it ever can, and it is time to put an end to it before it does all the evil it easily may. We have passed the time when heedless waste and destruction and arrogant monopoly are longer permissible. Henceforth we must seek national efficiency by a new and better way, by the way of the orderly development and use, coupled with the preservation, of our natural resources, by making the most of what we have for the benefit of all of us, instead of leaving the sources of material prosperity open to indiscriminate exploitation. These are some of the reasons why it is wise that we should abandon the old

point of view, and why Conservation has become a great moral issue in becoming a patriotic duty.

(b) FRANKLIN D. ROOSEVELT

Looking Forward ¹⁸

We cannot review carefully the history of our industrial advance *without being struck by its haphazardness*, with the gigantic waste with which it has been accomplished—with the superfluous duplication of productive facilities, the continual scrapping of still useful equipment, the tremendous mortality in industrial and commercial undertakings, the thousands of dead-end trails in which enterprise has been lured, the profligate waste of natural resources. Much of this waste is the inevitable by-product of progress in a society which values individual endeavor and which is susceptible to the changing tastes and customs of the people of which it is composed. But much of it, I believe, could have been prevented by greater foresight and by a larger measure of social planning.

The country needs and, unless I mistake its temper, the country demands bold, persistent experimentation. It is common sense to take a method and try it; if it fails, admit it frankly and try another. But above all, try something. The millions who are in want will not stand by silently forever while the things to satisfy their needs are within easy reach.

The power issue, where vigorously handled in the public interest, means abundant and cheaper power for American industry, reduced rates and increased use in millions of urban and rural homes—to say little of the preservation of our waterpower resources in coordination with flood control, reclamation and irrigation. The American people have a vital stake in the proper handling of this issue. Electricity is no longer a luxury; it is a definite necessity. It lights our homes, our places of work, our streets; it turns the wheels of our transportation and our factories. It can relieve the drudgery of the housewife and lift a great burden from the shoulders of the farmer. It has not done so yet. We are backward in the use of electricity in our homes and on our farms. In Canada the average home uses twice as much electric power per-family as we do in the United States. What prevents us from taking advantage of this great economic and human agency?

It is not because we lack undeveloped waterpower or unclaimed supplies of coal and oil. The reason we cannot take advantage of our own possibilities is because many selfish interests in control of light and power industries have not been sufficiently far-sighted to establish rates low enough to encourage widespread public use. The price you pay for your utility service is a determining factor in your use of it. The new deal for

¹⁸ Franklin D. Roosevelt: *Looking Forward*. Selected from pp. 43-44, 51, 139, 147-48, 150, 153-54. Reprinted by permission of The John Day Company. Copyright, 1933, The John Day Company.

the American people can be applied very definitely to the relationship between the electric utilities on the one side and the consumer and investor on the other

State owned or Federal owned power sites can and should properly be developed by government itself. When so developed, private capital should be given the first opportunity to transmit and distribute the power on the basis of the best service and the lowest rates to give a reasonable profit only. The nation, through its Federal Government, has sovereignty over vast waterpower resources in many parts of the United States. As an important part of this policy, the natural hydroelectric power resources belonging to the people should remain forever in their possession. This policy is as radical as American liberty, as radical as the Constitution of the United States. Never shall the Federal Government part with its sovereignty and control over its power resources while I am President of the United States.

(c) NATIONAL RESOURCES BOARD

"Development of State Planning"¹¹

Looking backward over the last 50 years, we can easily see that lack of planning has caused appalling losses in our American States. Enormous and incalculable damage has been brought about by flood, erosion, drought, stream pollution, ineffective land use, waste of timber and mineral resources such as oil, much of which might have been avoided by foresight and planning, human wastage from lack of proper health plans, from bad working and living conditions, from lack of adequate educational and recreational facilities, insecurity and distress from lack of plans for social welfare. This tragic loss of human and natural resources, with the human suffering involved, might in large measure have been prevented by sound planning in our American States.


The fact is, however, that from time to time some of our States have been dominated by exploiters who were interested in wealth but not always in the commonwealth. These interests were planning while the public slept. The American State need not be a twilight zone in which anarchy prevails but may become an organized and effective force for protecting and developing the resources of the common weal and helping to make the great gains of our civilization an actual fact in the daily lives of our people.

The present movement is a unified State attack on the problems of waste and loss which have been so costly to the taxpayer and the citizen. This is an effort to combine all of our forces in a constructive movement

¹¹ National Resources Board, 'Development of State Planning,' *State Planning Review of Activities and Progress*, June 1935, selected from p. 1.

for better use of our State resources and for the attainment of higher standards of American living. Much has already been done in many places by conservation and other movements of various sorts, but much remains undone. Progress may be achieved by bringing together the many scattered agencies in our States and uniting them in a well-planned development of all of the assets of the State—human and natural—and for the better utilization of these resources for the welfare of the whole people of the States.

Not everything can be planned by the States alone, for some problems are national in scope and require the arm of the Nation. Others are local and can best be dealt with by the city or other locality. Others require the cooperation of several States or parts of States. Still other plans will be formulated by individuals and by voluntary associations as in industry, agriculture, labor, education; but it is vital that the State planning agencies be organized and ready to extend a hand to the locality, the Nation, some sister State or some voluntary association in organized cooperative planning for flood control, land use, stream pollution, working and living conditions, and social welfare.



The National Resources Board implemented this philosophy with the machinery of state planning. By 1935, when the Board wrote the above report, all but two of the forty-eight had under its sponsorship created planning boards, commissions, or councils. These organizations were largely research agencies, but they also serviced and advised public work agencies, other planning agencies, and operating departments of the state, local, and Federal governments. However, by 1943, the New Deal planning philosophy seemed to have run its course, and the National Resources Planning Board was abolished.¹⁸ Simultaneously, the states shifted the emphasis in their planning programs and by 1947, at least half of the state agencies were converted from "planning" to "development," "industrial," or "economic" boards, commissions, or councils.¹⁹ The change was regarded by many planners and businessmen as a transformation largely from "theoretical planning" and research to "practical planning" and development; but it was not clear whether the industrial and business development which did occur was a consequence of the shift from planning to development or a result of the immediate post-war economic recovery.

By the end of the 1940's the comprehensive state planning move-

¹⁸ The original Federal planning agency established in 1933 was the National Planning Committee. Its title was changed first to the National Resources Board, then to the National Planning Board, and finally to the National Resources Planning Board.

¹⁹ Association of State Planning and Development Agencies: "An Analysis of the Legislation of State Planning and Development Agencies." August 1947.

ment had been curtailed and some of the public works programming activities of the states and of their local subdivisions had also been retarded. Many planners and economists began to doubt whether the stimulus of the Federal advance planning program of 1944-46 would have a sufficiently cumulative effect, to maintain an up-to-date state and local shelf of public works which could immediately take up the slack when the anticipated economic slump materialized. The main lesson derived from local, state, and national public works planning in the 1930's and 1940's was not only the need to interrelate the planning policies of the three levels of government but also the need to implement the system administratively. Effective national, state, and local planning required the existence of continuing planning and budgeting agencies, adequately financed and well-trained planning staffs, and concrete administrative procedures designed to carry out the programming and blueprinting of public works projects.

4. REGIONAL PLANNING

The idea of public works planning on a local, state, and national basis is readily grasped, if not always agreed upon by administrators. The more inventive idea of regional resources planning has been less recently recognized. One of the most vigorous examples of regional planning in the United States has been the Tennessee Valley Authority, which is based on the dual idea of developing (1) a key physical resource like hydroelectric power, along with (2) the regional management of related resources and governmental functions.

The TVA development of the 1930's and 1940's and the attempt to transplant the project elsewhere in the 1940's and 1950's is described by (a) Arthur E. Morgan, first Chairman of the Board of the Tennessee Valley Authority; (b) The Federal Act establishing the TVA in 1933; (c) Morns L. Cooke, one of the early advocates of municipal public power during the progressive reform period preceding World War I, an administrator of the rural electrification program of the New Deal,²⁰ and an advocate of regional power management by government corporations like the TVA; and (d) John M. Drabelle, a private power company administrator in the Middle West, an advocate of the retention by private management of power resources, and an opponent of the extension of regional planning beyond the Tennessee Valley.

²⁰ Morns L. Cooke "The Early Days of the Rural Electrification Idea" 1914-36 " *American Political Science Review*, June 1948, vol. 42, pp. 431-47.

(a) ARTHUR E. MORGAN

"Regional Planning—The T. V. A. an Example"²¹

Regional planning is not new. It is the very stuff of which civilization has been made. Go wherever you will to one of the cradles of civilization and you will find that it was born because in those particular conditions individual men could not survive alone, but were compelled to work together and plan together. The lands of Egypt could not be irrigated by individual men working alone. Necessity compelled men to plan and work together. Theirs was regional planning, and a great civilization was born out of that planning. It is interesting that most great civilizations originated, not in well watered lands, but in the desert or waste places, where co-operation and planning on a large scale were compelled, as in Mesopotamia, India, Mexico, and Peru. The most advanced of our American Indians were those who were compelled to plan together for irrigating desert lands. In my engineering work in the west I have followed and enlarged irrigation ditches which have a traditional history running back to four hundred years before Columbus.

Regional planning to prevent great floods helped develop the great civilization of China. On the rocky and forbidding coasts of Scandinavia the sheer necessity for communities to plan and work together to build and man community ships that would weather the open seas, was a compulsion to civilization. It was a choice of planning and working together, or of starving. Out of that compulsion of necessity and that planning came the far-flung dominance of the Norsemen. Rome held together the greatest empire in history by planning. The Roman roads, well planned and built, reached north to the very borders of Scotland, eastward almost to India, and westward to the furthestmost point of the Spanish peninsula.

Regional planning is a characteristic of all civilizations, and, in general, the greater the civilization the more extensive the planning. Regional planning is not some vague theoretical process carried on in some high-brow and mysterious way. It is simply the effort to meet pressing problems in the most effective possible manner, on a large enough scale to get the best possible results, and with an eye to the future as well as the present.

(b) Tennessee Valley Authority Law²²

An act to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper

²¹ Arthur E. Morgan: "Regional Planning—The T.V.A. an Example." N. B. C. Broadcast: "You and Your Government." January 28, 1936, pp. 43-44. Reprinted by permission.

²² Tennessee Valley Authority Law. U. S. Public Law, No. 17, 73rd Congress, 1933, Amended by Public Law, No. 412, 74th Congress, 1934, Sections 1, 22, 23.

use of marginal lands in the Tennessee Valley, to provide for the agricultural and industrial development of said valley, to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Alabama, in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River and to control the destructive flood waters in the Tennessee River and Mississippi River Basins, there is hereby created a body corporate by the name of the "Tennessee Valley Authority"

To aid further the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and of such adjoining territory as may be related to or materially affected by the development consequent to this Act, and to provide for the general welfare of the citizens of said areas, the President is hereby authorized, by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Tennessee basin and adjoining territory as may be useful to the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds, or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas, and the President is further authorized in making said surveys and plans to cooperate with the States affected thereby, or subdivisions or agencies of such States, or with cooperative or other organizations, and to make such studies, experiments, or demonstrations as may be necessary and suitable to that end

The President shall, from time to time, as the work provided for in the preceding section progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section, and for the especial purpose of bringing about in said Tennessee drainage basin and adjoining territory in conformity with said general purposes (1) the maximum amount of flood control, (2) the maximum development of said Tennessee River for navigation purposes, (3) the maximum generation of electric power consistent with flood control and navigation, (4) the proper use of marginal lands, (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation, and (6) the economic and social well being of the people living in said river basin

(c) MORRIS L. COOKE

"Plain Talk About a Missouri Valley Authority"²³

Most of the influences that now weigh down the Missouri Valley can be removed, others minimized by establishment of an autonomous valley authority comparable to TVA. With the situation in the Missouri Valley as grave as most indices suggest and with the promise of relief through an MVA "just around the corner" one wonders why nothing is done about it.

Some of the most effective opposition to an MVA comes from federal officeholders—perhaps because they fear that its creation will in some way curtail their own authority. There are [also] 57 varieties of private interests in opposition to unified watershed developments. The Izaak Walton League, for instance, opposes virtually all dam building because (1) such structures are apt to interfere with upstream "cold-water fishing," i.e., for trout and bass, and (2) that the constant shift in water levels above the dams makes the shore lines difficult nesting and feeding grounds for game ducks. To make this opposition effective the League on occasion teams up with the private power interests who always oppose public dam building as leading toward public ownership of the power industry. It has happened more than once that quasi-public lobbies such as those who work on the Congress on behalf of bureaus and departments of the government have actually teamed up with these private lobbies. That the National Association of Electric Companies takes its lobbying seriously is indicated by the fact that its representative in Washington, who is registered under the LaFollette-Mulroney Act as a lobbyist, receives a salary of \$65,000 per annum on a long-term contract. He seemingly earns his salary for at a recent hearing on REA legislation it is reported that the presidents of twenty-five private utility companies were in attendance. Such a showing is apt to impress all but the most stout-hearted legislators.

(d) JOHN M. DRABELLE

"A Critical Review of the Proposed Missouri Valley Authority"²⁴

The issue involved in the consideration of a Missouri Valley Authority is clear and may be briefly stated. It is whether Congress will permit the nationalization of the public utility industry under the guise of flood-control, irrigation, recreation, navigation, reforestation, and similar

²³ Morris L. Cooke: "Plain Talk About a Missouri Valley Authority." *Iowa Law Review*, January 1947, vol. 32, selected from pp. 369, 379, 381-82, 384-85: Reprinted by permission.

²⁴ John M. Drabelle: "A Critical Review of the Proposed Missouri Valley Authority." *Iowa Law Review*, January 1947, vol. 32, selected from pp. 391, 395-96, 398-99. Reprinted by permission.

projects. Sooner or later the members of the Congress of the United States will have to stand up to be counted as to whether they favor the continuation of private enterprise in these United States or the operation of business of every kind by various bureaus and departments of Government in Washington.

The amounts of money to be expended in this area under a Missouri Valley Authority defy delimitation. The Bureau of Reclamation alone originally proposed expenditures of \$1,257,645,700. Based on new price levels of materials and labor it is safe to say that the projects' cost to taxpayers would be doubled and more. Nor are advance estimates for Government projects noted for their accuracy or adequacy to cover expenditures actually made.

The river authorities are of course associated with so-called social benefits. Before the Rural Electrification Authority commenced the electrification of farms in the United States, The Tennessee Valley had 8.7% of its farms electrified as compared with 10% of the farms electrified in the Missouri Valley area. In 1944, the number of electrified farms in TV was 27.1% compared to 31% in MV. As to farm ownership and mortgages of farms, the TVA has not brought home the virtues of New England thrift. Before TVA in that area there were 514,737 mortgaged farmsteads in the year of 1930, and ten years after the efforts of Mr. Lilienthal to improve the social standing of the people under his administration the number of mortgaged farms had increased to 572,210 in 1940. In the same period of time in MV, the mortgage decrease was from 533,728 in 1930 to 447,758 in 1940. As stated by Senator Overton, "In other words, they did better in the Missouri Valley without assistance."

Despite these objections, regional planning took a firmer grip than was realized upon the imagination of the political leaders and the public as well as the technical planners and the public administrators. President Roosevelt speculated on the prospects of devoting his post-war efforts to the TVA type of regional planning abroad,²⁵ and Vice-President Henry A. Wallace also recommended that international TVA's be established, but this idea was dismissed as "globaloney" or as a form of international "boondoggling." Roosevelt's successor, Harry S. Truman, advocated that the country "apply the lessons of our Tennessee Valley experience to our other great river basins," and as the final keystone of American foreign policy he also proposed in lieu of the "imperialism" of earlier times, "a bold new program [to make] the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas [and to] foster capital investment in areas needing development." Actually TVA-trained engineers and planners were

²⁵ Francis Perkins *The Roosevelt I Knew*. New York: The Viking Press; 1946, p. 89

already operating in river valleys in Brazil, India, Palestine, Peru, and elsewhere. If the more formal proposals of the President were to materialize, was it possible that the application of the regional resources planning device on an international basis would slow up or eliminate world-wide competition and international conflict, and halt the march toward world war?

5. NATIONAL PLANNING TO PREVENT WASTE

The dramatic leap from regional to international planning evades the crucial question of the feasibility of national planning. Controversial as this subject may be, many administrators agree that national plans can be drawn up to prevent waste and economic inefficiency. This possibility is demonstrated in the reports of (a) Secretary of Commerce Herbert C. Hoover, the philosopher of *American Individualism*,²⁶ and (b) the National Resources Committee, established by President Franklin D. Roosevelt.

(a) HERBERT HOOVER

"Progress in Elimination of Waste"²⁷

The high standards of living enjoyed by the American people are the result of steadily mounting per capita productivity. There is only one way to further advance these standards, and that is by improved methods and processes, by the elimination of waste in materials and motion in our production and distribution system. Just as 20 years ago we undertook nation-wide conservation of our natural resources, so we must to-day even more vigorously sustain this campaign of better nation-wide utilization of our industrial resources and effort. More especially is this the case in view of the many complex forces which have arisen from the war, and particularly the difficulty of maintaining our situation as against the competition of a world of lower standards overseas.

The term "elimination of waste" is subject to some objection as carrying the implication of individual or willful waste. In the sense used in these discussions elimination of waste refers wholly to those wastes which can be eliminated solely by cooperative action in the community. They do not refer to any single producer, for in the matters here discussed he is individually helpless to effect them. Nor do they imply any lessening of fair competition or any infringement of the restraint of trade laws. In fact,

²⁶ Herbert C. Hoover: *American Individualism*. New York: Doubleday, Page and Co.; 1922.

²⁷ Herbert Hoover: "Progress in Elimination of Waste." U. S. Department of Commerce: *Thirteenth Annual Report of the Secretary of Commerce*, 1925, pp. 2-3.

the most casual investigation of the working progress will show that its accomplishment establishes more healthy competition. It protects and preserves the smaller units in the business world. Its results are an asset alike to worker, farmer, consumer, and business man.

It may be worth while repeating the major directions of this effort as they were outlined by the department at the beginning of this undertaking four years ago: (1) Elimination of waste in railway transportation by the provision of adequate facilities and better methods. (2) Vigorous improvement of our natural interior water channels for cheaper transportation of bulk commodities. (3) Enlarged electrification of the country for the saving in fuel, effort and labor. (4) Reduction of the periodic waves of unemployment due to the booms and slumps of the "business cycle." (5) Improved statistical service as to the production, distribution, stocks, and prices of commodities, both domestic and foreign, as a contribution to the elimination of hazard in business and therefore of wasteful speculation. (6) Reduction of seasonal employment in construction and other industries, and intermittent employment in such industries as bituminous coal. (7) Reduction of waste in manufacture and distribution through the establishment of grades, standards of quality, dimensions and performance in nonstyle articles of commerce, through the simplification in dimensions of many articles of manufacture, and the reduction of unnecessary varieties, through more uniform business documents such as specifications, bills of lading, warehouse receipts, etc. (8) Development of scientific industrial and economic research as the foundation of genuine labor saving devices, better processes, and sounder methods. (9) Development of cooperative marketing and better terminal facilities in agricultural products in order to reduce the waste in agricultural distribution. (10) Stimulation of commercial arbitration in order to eliminate the wastes of litigation. (11) Reduction of the waste arising from industrial strife between employers and employees.

(b) NATIONAL RESOURCES COMMITTEE

*The Structure of the American Economy*²⁸

It is inevitable that such a complex organization of human activity should fail to function perfectly. Resources are wasted or used ineffectively as material resources are unused, and as the most effective technology is not used or its use is prevented. The waste of natural resources through misuse, or ruthless exploitation, is thoroughly familiar. Equally important, but less often thought of as a waste of resources, is the idleness of men and machines that could be productively employed.

The power of individuals to produce is a resource like unharnessed water power. It is gone if it is not employed. It cannot be stored. If 10 mil-

²⁸ National Resources Committee. *The Structure of the American Economy*. Part I, June 1939. selected from pp. 1-3.

lion men are able and willing to work, but are forced to be idle for a year by lack of jobs, the community has wasted the valuable resources of manpower. And because of idleness, the individuals are likely to suffer a loss of skill and a breakdown of morale. The Nation is poorer both by the goods that could have been produced and by the frustration and loss of morale of the unemployed individual.

Idle machinery may also involve a waste of resources. When machinery is idle and accumulating rust or losing usefulness through becoming obsolete, when idle men are available to operate it and when its product would be useful to the community, its idleness is likely to constitute ineffective use of resources.

Waste is also involved when obsolete equipment uses more manpower and materials in doing a particular job than would be required if improved techniques were employed, or when production is divided among so many plants in an industry that no plant can have enough volume to run efficiently. In all of these cases, failure to use the best-known technology consumes manpower or materials that might be released to be used elsewhere.

The waste of resources from these three sources, ruthless exploitation, idleness of men and machinery, and failure to use the most effective known technology, all combine to give a tremendous total of wasted resources. How great this waste is it is impossible to estimate, but some suggestion of its magnitude can be given by estimating a single item: the depression loss in income through idleness of men and machinery during the last 8 years. The figures suggest that this loss through nonproduction was in the magnitude of 200 billion dollars worth of goods and services.

Even in the nondepression years there was extensive idleness of men and machines which could have been used had there been adequate organization. The Brookings Institution has estimated that in the peak year 1929 both production and national income could have been increased 19 percent by merely putting to work the men and machines that were idle in that year even without the introduction of improved techniques of production.



Despite a continuing clamor about governmental inefficiency, there was thus considerable agreement that serious waste was also occurring in industry and commerce, and that the elimination of waste required public planning. The complaint about economic waste was heard even before the economy went from boom to bust.²⁹ In 1910 the leading American industrial engineering journal had editorialized: "In many cases the business of private individuals and of corporations is suffering from leaks due to incorrect methods of administration, nearly, if not quite, as great as those which affect public

²⁹ Stuart Chase: *The Tragedy of Waste*. New York: Grossett & Dunlap; 1927.

business”³⁰ Moreover, at this time a rising sentiment prevailed among a vigorous minority of American students of management, like Dexter S. Kimball,³¹ that the carefully planned production or the financial successes of individual firms did not necessarily make for effective distribution of goods or for national efficiency. Professor Willard E. Hotchkiss of the School of Commerce of Northwestern University announced in 1913: “Business efficiency must be interpreted to mean not only the ability to earn dividends but likewise economical use of the materials and instrumentalities through which production is carried. This means conservation—conservation of resources and conservation of men—a field in which the public, the social, and the business activities ought to converge.”³² By the 1920’s and 1930’s there was a greater consensus among business men, regardless of political philosophy, that in order to eliminate disastrous waste American business required the assistance of governmental planning.

6 NATIONAL PLANNING, DEMOCRACY, AND LIBERTY

The controversy continued to rage over the wisdom of planning other phases of the national economy. The alternative philosophies were presented in the United States by

(a) Professor Arthur N. Holcombe, who began teaching government at Harvard University in 1909. After practical experience on the staff of the United States Bureau of Efficiency during World War I Holcombe returned to Harvard as a professor of government. Here he produced textbooks and treatises on American government and politics including *The Middle Classes in American Politics*³³ and *Government in a Planned Society*. The latter book, quoted below, also emphasized the importance to a “planned democracy” of a skilled ‘body of public business administrators’ and of “middle class statesmanship.”³⁴

(b) Professor Frederick A. Hayek, an Austrian trained economist, who became known after World War I for his historical and theoretical treatises. Hayek spent many of the inter war years lecturing at the London School of Economics and Political Science, where his *laissez faire* economics contrasted sharply with the economic opin-

³⁰ An Industrial Waste and a Proposed Remedy. *Industrial Engineering and the Engineering Digest* March 1910 vol 7 p 213.

³¹ See Chapter 5.

³² Willard E. Hotchkiss. Northwestern University School of Commerce. *Journal of Political Economy* March 1913 vol 21 p 208.

³³ Arthur N. Holcombe. *The Middle Class in American Politics*. Cambridge Harvard University Press 1940.

³⁴ N 36 below. Loc cit pp 136-37.

ions held by most of the faculty at that institution, including its director, Sir William Beveridge, the author of some of the British Labor Government's welfare and employment programs.⁸⁵ Toward the end of World War II, with the British trend toward nationalization and socialization, Hayek transferred his activities to the United States. Here he continued his work as a professor of economics at the University of Chicago, where he completed and published *The Road to Serfdom*.

(a) A. N. HOLCOMBE

Government in a Planned Democracy⁸⁶

The great depression has revealed with shocking clarity the unsoundness of an economic system which leaves the adjustment between the output of goods and the wants of mankind to the unregulated or casually regulated operations of industrial leaders motivated by a desire for profits. The utilization of the human resources of the nation cries aloud for better planning. But comprehensive economic planning on a national scale is an exacting task. It calls for a national government with power to command the services of the ablest thinkers and organizers in the country, with power to obtain copious and exact up-to-date information concerning all the wants of the people and the means of supplying them, with power to direct the energies of businessmen and workers into the proper channels, and to force the postponement of to-day's pleasures for the sake of a more adequate provision for distant needs; in short, with power to organize the thought, the will, and the happiness of a nation.

One of the outstanding phenomena of the great depression has been the rediscovery by the American people of the value of the experimental attitude in politics. In a period of profound depression a bold assumption of the experimental attitude by the President of the United States was a sensational development. Mr. Roosevelt's frank avowal that many of his proposals for recovery were experiments, to be set aside, if unsuccessful, for others more promising, caught the popular imagination. Unfortunately there are many difficulties in the way of applying the experimental method to the improvement of the structures and processes of government and to the development of its power. The ordinary method of experiment in the field of human relations must be by what we commonly call trial and error. In the improvement of material things, if the experiment goes wrong and the experimenter spoils his material, he can

⁸⁵ William Beveridge: *Full Employment in a Free Society*. New York: W. W. Norton & Company, Inc.; 1945. Great Britain: Report of Interdepartmental Committee on Social Insurance and Allied Services (American ed.). New York: The Macmillan Company; 1942.

⁸⁶ A. N. Holcombe: *Government in a Planned Democracy*. Adapted from pp. 17, 21-23, 29-31, 39-40, 164-67. Reprinted by permission of W. W. Norton & Company, Inc. Copyright, 1935, W. W. Norton & Company, Inc.

throw it away and start afresh. But in the field of human relations he can not throw away spoiled material. In democratic countries the material is much more likely to throw the experimenter away, for the material consists of the experimenter's fellow-citizens. The man who carries the experimental attitude into public life hazards his political career upon the outcome of each experiment. If he is a prudent man, he is likely to agree with former Governor Alfred E. Smith, who wrote in *The New Outlook*,

I am for experience as against experiment. There are many persons who would subscribe unreservedly to Governor Smith's statement in its most literal interpretation. Unsanguine by temperament, and not greatly discontented with their condition, they set themselves resolutely against all experimentation in the field of human relations, especially where their own interests are immediately concerned. Others, more discontented with the weakness and incapacity of our present political institutions and more sanguine by nature, put more faith in the possibilities of political invention. They do not flinch from the prospect of deliberate experimentation based upon the systematic and purposeful study of existing political structures and processes. Instead of the casual democracy, which is the product of a century and a half of political experience in the United States, they look towards the gradual development of a planned democracy.

By a planned democracy they do not mean a finished arrangement of governmental forms and practices, that has to be established once for all time and thereafter preserved inviolate, nor an ideal to which reality must be made to conform as closely as may be practicable. They understand by a planned democracy a political system by means of which the American people can maintain the continuity of their organized existence between the present state of affairs and subsequent states of affairs. Planned democracy cannot be the creation of abstract theorists. It must spring from the actual premises under the guidance of statesmen endowed with insight and imagination. We stand on the threshold of great changes in human relationships, especially in the relationships between government and business. The ultimate test of a competent administrative organization for a planned democracy will be its capacity to produce new ideas. A great merit of the capitalist system has been the impetus which it has given to the production of new ideas. Indeed, the extraordinary flow of inventions has been the most striking phenomenon in the rise and growth of modern capitalism, and it is probable that the continuance of that flow is an essential condition of the maintenance of the capitalist system in a profitable form. But the increasing scale of business operations and the growing separation of the management from the ownership of capital diminishes the inventor's ability to exploit his inventions on his own account and reduces his prospect of profit. The inventor tends to become a salaried employee of a business corporation and the production of inventions a function of organized rather than individual enterprise. For the organization of thought in those fields in which the products of new ideas are not patentable or otherwise susceptible of exploitation for profit, gov-

ernment bureaucracy seems to be clearly superior to corporate. There is no reason to suppose that the growing importance of government bureaucracy constitutes a threat to the flow of new ideas. On the contrary, government bureaucracy commands the best facilities for the efficient organization of thought in the realm of human relations. Its growing importance gives the strongest security for the production of valuable new ideas concerning the structure and processes of government in a planned democracy.

(b) FRIEDRICK A. HAYEK

The Road to Serfdom³⁷

The assertion that the complexity of our modern industrial civilization creates new problems with which we cannot hope to deal effectively except by central planning is based on a complete misapprehension of the working of competition. Far from being appropriate only to comparatively simple conditions, it is the very complexity of the division of labor under modern conditions which makes competition the only method by which such co-ordination can be adequately brought about. There would be no difficulty about efficient control or planning were conditions so simple that a single person or board could effectively survey all the relevant facts. It is only as the factors which have to be taken into account become so numerous that it is impossible to gain a synoptic view of them that decentralization becomes imperative. But, once decentralization is necessary, the problem of co-ordination arises—a co-ordination which leaves the separate agencies free to adjust their activities to the facts which only they can know and yet brings about a mutual adjustment of their respective plans. As decentralization has become necessary because nobody can consciously balance all the considerations bearing on the decisions of so many individuals, the co-ordination can clearly be effected not by “conscious control” but only by arrangements which convey to each agent the information he must possess in order effectively to adjust his decisions to those of others. And because all the details of the changes constantly affecting the conditions of demand and supply of the different commodities can never be fully known, or quickly enough be collected and disseminated, by any one center, what is required is some apparatus of registration which automatically records all the relevant effects of individual actions and whose indications are at the same time the resultant of, and the guide for, all the individual decisions.

This is precisely what the price system does under competition, and which no other system even promises to accomplish. It enables entrepreneurs, by watching the movement of comparatively few prices, as an engineer watches the hands of a few dials, to adjust their activities to those of their fellows. The important point here is, that the price system will

³⁷ Friedrich A. Hayek: *The Road to Serfdom*. Selected from pp. 48–50, 61–62, 67, 70. Reprinted by permission of the University of Chicago Press. Copyright, 1944, the University of Chicago Press.

fulfil this function only if competition prevails, that is, if the individual producer has to adapt himself to price changes and cannot control them. The more complicated the whole, the more dependent we become on that division of knowledge between individuals whose separate efforts are co-ordinated by the impersonal mechanism for transmitting the relevant information known by us as the price system.

It is no exaggeration to say that if we had had to rely on conscious central planning for the growth of our industrial system, it would never have reached the degree of differentiation, complexity, and flexibility it has attained. Compared with this method of solving the economic problem by means of decentralization plus automatic co-ordination, the more obvious method of central direction is incredibly clumsy, primitive, and limited in scope.

It is not difficult to see what must be the consequences when democracy embarks upon a course of planning which in its execution requires more agreement than in fact exists. The people may have agreed on adopting a system of directed economy because they have been convinced that it will produce great prosperity. In the discussions leading to the decision, the goal of planning will have been described by some such term as 'common welfare,' which only conceals the absence of real agreement on the ends of planning. Agreement will in fact exist only on the mechanism to be used. The effect of the people's agreeing that there must be central planning, without agreeing on the ends, will be rather as if a group of people were to commit themselves to take a journey together without agreeing where they want to go, with the result that they may all have to make a journey which most of them do not want at all.

It may be the unanimously expressed will of the people that its parliament should prepare a comprehensive economic plan, yet neither the people nor its representatives need therefore be able to agree on any particular plan. The inability of democratic assemblies to carry out what seems to be a clear mandate of the people will inevitably cause dissatisfaction with democratic institutions.

Yet agreement that planning is necessary, together with the inability of democratic assemblies to produce a plan, will evoke stronger and stronger demands that the government or some single individual should be given powers to act on their own responsibility. The belief is becoming more and more widespread that, if things are to get done, the responsible authorities must be freed from the fetters of democratic procedure. The clash between planning and democracy arises simply from the fact that the latter is an obstacle to the suppression of freedom which the direction of economic activity requires.

Holcombe and Hayek were accompanied by several other authors writing on the same subject,²² but *The Road to Serfdom* remained

²² Barbara Wootton *Plan or No Plan* (New York: Farrar and Rinehart, 1935); John Jewkes *Ordeal by Planning* (London: The Macmillan Company, 1941); Ludwig von

one of the most widely read economic treatises in the United States during the 1940's. The book was also quoted extensively by publicists and business executives who had previously preached Hayek's thesis that the price mechanism was not only superior to the planning mechanism, but that one segment of society could not be planned without interfering with other segments and ultimately with political democracy and private liberty. It is difficult to estimate how many converts were made by the warnings contained in *The Road to Serfdom*. Judging by political events at the end of the decade, many observers aptly marked that so far as President Truman's philosophy of economic planning was concerned, President Roosevelt has been re-elected for a fifth term.

7. PLANNING, CAPITALISM, AND SOCIALISM

In reviewing some of the literature of planning, Edwin G. Nourse, Chairman of the President's Council of Economic Advisers, referred to the alternative proposals of British socialism and Soviet communism. He concluded: "Whether a majority of our people might be prepared to accept these means at the bottom of a depression in the 50's that would shame the 30's—as to that, I venture no guess."³⁹ The idea of national planning involving some measure of collectivism has had certain roots in American economic thinking. Alexander Hamilton's *Report on Manufacturers*, and his advocacy of Federal public works have already been cited as examples.⁴⁰ It was the supposedly more radical Jefferson who objected to nationalization in this form and blocked his fellow partisan, James Madison, when in 1796 the latter suggested a national survey of post roads running from Maine to Georgia.⁴¹ Similarly, Andrew Jackson, although not hostile to state-owned banking or state transportation enterprises, opposed John Quincy Adams's Federal plan for public improvements.

Members of the Adams family have taken an advanced position on the subject of national planning. Brooks Adams, the grandson of President John Quincy Adams, was probably the most radical of the family. He was an outright collectivist, although he refused to be

Mises: *Bureaucracy*. New Haven: Yale University Press; 1944. Carl Landauer: *Theory of National Economic Planning*. Berkeley: University of California Press; 1944. Herman Finer: *Road to Reaction*. Boston: Little Brown and Company; 1945. Barbara Wootton: *Freedom Under Planning*. Chapel Hill: University of North Carolina Press; 1945.

³⁹ Edwin G. Nourse: "Serfdom, Utopia and Democratic Opportunity?" *Public Administration Review*, Spring 1946, vol. 6, p. 187.

⁴⁰ Lynton K. Caldwell: *The Administrative Theories of Hamilton and Jefferson*. Chicago: University of Chicago Press; 1944, pp. 171-72.

⁴¹ White: *The Federalist*, p. 487.

identified with European socialists like Karl Marx. When during the depression year of 1893 Brooks gave his more conservative brother Henry the task of criticising his manuscript of *The Law of Civilization and Decay*, Henry warned "It will cost you dear. The gold bugs will never forgive you. You are monkeying with a dynamo. The wisest thing you can do for your own interests now or hereafter is to hold your tongue. I shall hold mine for I do not intend to mix in any political scrape of yours." Brooks responded "I had rather starve and rot and keep the privilege of speaking the truth as I see it than of holding all the offices that capital has to give from the presidency downward." Actually Henry was proud of his brother's intellect and courage and helped him get the book published. Theodore Roosevelt read and reviewed the book,⁴² and did not remain untouched by Brooks' radical doctrine when he was elected President.

Despite his acid comments on American economic and political trends, Brooks was proud of the heritage of the United States. He made some astounding predictions and issued some significant warnings about its potential enemies. He adored and constantly quoted his grandfather John Quincy Adams not because he had attained the American Presidency, but because Brooks admired President Adams' attempt to make a rational contribution to American governmental life by means of a system of "internal improvements," which then represented the radical expedient of national planning and economic collectivism.

(a) Letter of John Quincy Adams to Rev. Charles W. Upham
February 2, 1837⁴³

I fear I have done and can do little good in the world. And my life will end in disappointment of the good which I would have done, had I been permitted. The great effort of my administration was to mature into a permanent and regular system the application of all the superfluous revenue of the Union to internal improvement which at this day would have afforded high wages and constant employment to hundreds of thousands of laborers, and in which every dollar expended would have repaid itself fourfold in the enhanced value of the public lands. With this system in ten years from this day the surface of the whole Union would have been

⁴² Charles A. Beard, *Introduction to Brooks Adams' The Law of Civilization and Decay*, New York: Alfred A. Knopf, Inc., 1943.

⁴³ Charles A. Madison, *Brooks Adams in Critics and Crusaders: A Century of American Protest*, New York: Henry Holt and Company, 1948, p. 291.

⁴⁴ Theodore Roosevelt, "The Law of Civilization and Decay," *The Forum*, January 1897, vol. 22, pp. 515-89.

⁴⁵ Letter of John Quincy Adams to Rev. Charles W. Upham, February 2, 1837, Henry Adams, *The Degradation of the Democratic Dogma*, pp. 24-25. Reprinted by permission of The Macmillan Company. Copyright 1919, The Macmillan Company.

checked over with railroads and canals. It may still be done half a century later and with the limping gait of State legislature and private adventure. I would have done it in the administration of the affairs of the nation. I laid the foundation of it all by a resolution offered to the Senate of the United States in 1806, and adopted under another's name (the Journals of the Senate are my vouchers). When I came to the presidency the principle of internal improvement was swelling the tide of public prosperity. With me fell, I fear never to rise again, certainly never to rise again in my day, the system of internal improvement by means of national energies. The great object of my life therefore, as applied to the administration of the government of the United States, has failed. The American Union, as a moral person in the family of nations, is to live from hand to mouth, and to cast away instead of using for the improvement of its own condition, the bounties of Providence.

(b) BROOKS ADAMS

America's Economic Supremacy⁴⁶

Perhaps the best example of the success of the collective method is the centralization of Germany and the organization of Russia. From its very birth, the Prussian Kingdom has been subjected to a pressure seldom equaled. Under this pressure the people consolidated in a singularly compact mass, developing a corporate administration powerful enough to succeed very generally in subordinating individual to general interests. It is to this quality that Prussia has owed her comparative gain on England.

All agree that the industrial success of Germany is largely due to the establishment of cheap and uniform rates of transportation, through state ownership of railways; while the industrial progress of Russia would have been impossible had not the Government been both railroad and mine owner, besides being banker and money-lender, and ready at any moment to promote industries, such as iron works, whenever individuals could not act advantageously. (What a social revolution in Russia would portend transcends human foresight, but probably its effects would be felt throughout the world.)

England, on the other hand, has held her own neither as a manufacturer, as an exporter, nor as an agriculturist. Whereas in 1873 her exports amounted to £255,000,000, in 1897 they reached only £234,350,000. The loss on her agriculture has been estimated at \$250,000,000 yearly. It is probably larger. The British adverse trade balance is chiefly due to the importations of food which might be raised at home. That adverse balance has grown from £60,282,000 in 1873 to £157,055,000 in 1897.

Applying the same measure to the United States, the same weak spot appears. The national characteristic is waste, and each year, as the

⁴⁶ Brooks Adams: *America's Economic Supremacy*. Adapted from pp. 100-04, 191. Reprinted by permission of Harper & Brothers. Copyright, 1947, Harper & Brothers. The first edition was published in 1900.

margin of profit narrows waste grows more dangerous Under an exact administration one corporation will prosper, while its neighbor is ruined by slight leakage and what holds true of the private enterprise holds equally true of those greatest of human ventures called governments

Our national corporation was created to meet the wants of a scanty agricultural population at a time when movement was slow It has now to deal with masses surpassing probably in bulk any in the world In consequence it operates slowly and imperfectly or fails to operate at all The Pennsylvania Railroad might as reasonably attempt to handle the traffic of 1898 with the staff of 1860 as the United States to deal with its affairs under Mr McKinley with the appliances which barely sufficed for Jefferson or Jackson We have just seen our army put on the field without a general staff much after the method of 1812 and we have witnessed the consequences We know what would have happened had we been opposed by a vigorous enemy We wonder daily at our Treasury struggling with enormous banking transactions without banking facilities while our foreign service is so helpless in its most important function of obtaining secret information that the Government relied on daily papers for news of the Spanish fleet

In short in America there is no administration in the modern sense of the word Every progressive nation is superior to us in organization since every such nation has been reorganized since we began That America has prospered under these conditions is due altogether to the liberal margin of profit obtainable in the United States which has made extreme activity and individuality counterbalance waste This margin of profit due to expansion caused by the acquisition of Louisiana and California carried the country buoyantly until under the pressure of English realization it was stimulated into producing an industrial surplus The time has now come when that surplus must be sold abroad

Parsimony is alien to our habits and would hardly become a national trait under pressure less severe than that under which Germany slowly consolidated after Jena or under which France began to sink after Moscow But if we are not prepared to reduce our scale of life to the German or perhaps the Russian standard if we are not prepared to accept the collective methods of administration with all that they imply, we must be prepared to fight our adversary and we must arm in earnest

(c) H S PERSON

'Planned Execution—The Issue of Scientific Management'

Only in the Soviet Union can there be said to be national planning—the social-economic planning on the national plane and scale with the perspective and processes of a national institutional mind created for

"H S Person *Planned Execution—The Issue of Scientific Management Advanced Management* December 1945 vol 10 selected from pp 135-36 138 Reprinted by permission

the particular function and continuous in its processes. In this connection it may be well to note parenthetically that in U. S. S. R. experience it has been necessary to extend the reach of the fingers of the planning agencies into the areas originally assigned to executing agencies. Among other nations probably the United Kingdom comes nearest to experiencing some of the advantages of national planning without possessing the institution, because of the parliamentary system in which legislative and executive are so closely related that there is common perspective and integrated processing—almost an institutional mind. The United States perhaps is farthest from possession of anything resembling a national institutional mind because of the federal form of government in which the powers are divided between the federal and state governments, and within the federal government among legislative, executive and judiciary under a system of checks and balances. But it may be—there are signs pointing in that direction—that the very rigidity and inflexibility of our form of government, which makes it practically impossible for the Government itself to become the equivalent of a national institutional planning mind, is making it necessary for the Government to create for its own guidance and assistance something in the nature of a specialized national institutional planning mind.

Prior to the depression of 1929 the concept of national planning had not found a place in American thinking. Of course, the planning in the Soviet Union was given some attention, but it was observed to be the product of an anti-capitalist revolution, and therefore generally presumed to be inherently both anti-capitalist and anti-democratic in nature. Within a few years after the depression of 1929 the circumstances generated a flash flood of pamphleteering on the subject apparently quite independent of the Soviet precedent. In 1932 Hugo Haan of the International Management Institute, Geneva, made a survey of official, semi-official and private planning proposals in the United States and found nineteen worthy of listing. For various reasons this pamphleteering died out; probably because of the then public intolerance of the word planning, too closely associated with the Soviet Union, because of a vast new subject-matter for public attention and discussion offered by the national program identified with the term *New Deal*, and possibly because mistakenly some citizens thought the *New Deal* was an American adaptation of planning.

Under the influence of our participation in World War II such pamphleteering has been resumed, and along the same line essentially, but generally, with avoidance of the term planning. It is less doctrinaire, and more in terms of practical problems arising out of the war and its effects, such as maintenance of full employment. If Hugo Haan were now to revise his list he could add proposals of the United States Chamber of Commerce, the American Manufacturers' Association, *Fortune Magazine*, the League for Industrial Democracy, others of a similar occasional nature, and especially the publications of the National Planning Association, an organization that maintains a constant campaign of education and con-

and indeed, suspicion of foreign socialism continued. Nevertheless, as part of the international aid program to European countries after World War II and as a defense against communist dictatorship, the American policy apparently was "to grant the plausibility of democratic socialism in Western Europe as well as of democratic capitalism in the United States."⁵¹

American business proceeded with its planning of individual enterprises and accumulated unprecedented earnings throughout the 1940's.⁵² American government for its part adhered to the idea of private profit and a price control system along with planning experiments. Nowhere was this paradox so apparent as in the most dramatic development of the decade and possibly of the century—atomic energy. As we have seen, the Atomic Energy Act of 1946 committed the government to public ownership, national control, and governmental supervision of all of the atomic energy resources, production, research, and distribution. Yet one of the objectives of the act was that of "strengthening free competition in private enterprise."⁵³ Up to this point, therefore, the prevailing notion in the United States was that governmental planning could preserve, rather than threaten, liberty and democracy.

8. THE STAGES OF PLANNING

Whatever the form of the national economy and however restricted the degree of planning that may be undertaken, most authorities agree that the technique of planning will require refinement if it is to be an effective tool of management. The first technical question relates to the various "stages" of the process of planning. The stages of planning are listed here by (a) the British Labor Party leader, Sir Herbert Morrison; and (b) John D. Millett, a professor at Columbia University.

(a) HERBERT MORRISON

"Economic Planning"⁵⁴

Planning can be divided logically into five stages. The first, without which none of the others can happen, is making up one's mind to

⁵¹ National Planning Association: "Strategic Goals of American Foreign Policy." December 22, 1948.

⁵² Floyd H. Rowland: *Business Planning and Control*. New York: Harper & Brothers, 1947.

⁵³ See Chapter 12.

⁵⁴ Herbert Morrison: "Economic Planning." *Public Administration*, Spring 1947, vol. 25, p. 3. Reprinted by permission.

and grasping what planning means. The second is assembling the necessary facts and forecasts to make sure that the plan can be put on a practical basis. The third state is actually devising alternative plans, seeing what they each offer and what they cost in terms of resources and disadvantages. The fourth is the taking of decisions between alternative plans, including the decision what is to be planned and what is to be unplanned. The fifth and by far the most extensive stage, is carrying the plans in practice. I suggest that the first and vital stage was when British people made up their minds to plan.

(b) JOHN D. MILLETT

'National Policies and Planning'²⁵

What do we mean by national policies or policy formulation? Does a policy differ from a plan? Are the two terms simply to be regarded as synonymous?

There is a vital difference between policies and plans, even if the difference is sometimes difficult to perceive. Policy formulation is probably more important, for basic policy decisions under most circumstances precede the preparation of plans. From the point of view of the administrator, operating plans are of first importance. The most important factor in achieving maximum output from the resources employed is careful planning. Under ordinary circumstances the more detailed and thorough the advance preparation, the less waste will result from poorly directed manpower or materials. In other words, we must have planning for our existing governmental programs. A growing management profession in the last forty or fifty years has constantly emphasized this fact.

Perhaps it is too much to hope that in the use of the word 'plan' writers and students will refer only to operational planning. There is no doubt that planning must be closely related to all other phases of management. This very need is illustrated by the frequent reference we find in much of our management literature to such terms as "administrative planning," "program planning," "organizational planning" and "budget planning." In spite of their use of the word 'planning,' all of these terms refer to the process of carrying out an approved course of action rather than to the actual process of preparing that course of action.

It may not only be desirable to distinguish, as does Professor Millett, between the policy making and the operational planning stage, but, as John R. Steelman, Chairman of the President's Scientific Research Board, suggested in 1947, plans 'must be broken down into programs, each program must be subdivided according to projects,

each project must be analyzed as to *operations* involved, and each operation must be studied to determine the specific steps required.”⁵⁶ In administrative practice, no such standard terminology prevails. The term *planning* is applied indiscriminately to the policy stage, the program stage, the project stage, and the procedure stage.

9. PROGRAM PLANNING AND ADMINISTRATIVE PLANNING

Most administrators find it convenient to make a broad two-fold distinction between planning their program of work and planning their administrative facilities. This distinction was analyzed by Donald C. Stone during his service with the United States Bureau of the Budget.

DONALD C. STONE

“Planning as an Administrative Process”⁵⁷

Inasmuch as the problems which the administrator must resolve, or propose recommended solutions for are of every conceivable kind, it is obvious that planning must deal with a wide variety of subject matter. Two types of subject matter, however, may be distinguished:

(1) Substantive or technical subject matter with which the agency is dealing; planning, in this area is variously termed resource planning, program planning, technical research, et cetera. City planning falls here.

(2) The second class of subject matter is concerned with the development of sound organization, the method of staffing the organization, the procedures and practices to be followed, and the direction and co-ordination of operations. Planning in respect to such matters is often referred to as administrative or management planning.

Let us look at a few examples of these two types of planning. City officials considering whether or not police protection should be increased, a sewage disposal plant built, or a revision made in the local school curriculum, are engaging in *program planning*. When they consider whether district police precinct stations should be closed in favor of central operation, or whether the director of public works should be given the additional responsibility for the superintendence of the sewage disposal plant, or whether the business manager of the school system should be responsible to the superintendent of schools or directly to the school board, these officials are engaging in *administrative planning*. And it is quite likely to

⁵⁶ John R. Steelman: “Administration for Research.” *Science and Public Policy*. October 4, 1947, vol. 3, p. 30. The terms are not underlined in the original.

⁵⁷ Donald C. Stone: “Planning as an Administrative Process.” Presented to the National Conference on Planning, May 12, 1941, selected from pp. 2-3.

be the same officials who are doing the two kinds in fact, they may be studying the program and its method of administration at one and the same time

A State health department engages in program planning when it analyzes the infant mortality rates and causes of death in the various counties of the State in order to decide the steps which might be taken in conjunction with the county health officers to bring about a decrease in such deaths. But when the State health commissioner ponders over the extent of authority that he has or desires over the county health officers he is doing some administrative planning. If the matter is a question of the efforts required to reclaim mined soil, the building of a dam for power and navigation purposes, or the computation of the funds required to finance the old age assistance program, then program planning considerations are paramount. At the same time administrative planning is required to determine how to organize best for carrying out the program, what personnel and equipment are required, how the field activities can be effectively directed and coordinated, and the procedures which will insure speedy handling of the work.

The line between program planning and administrative planning in many cases is very faint. This is one reason why the meaning and content of administrative planning has not been as clearly understood as it might be. It is also one of the reasons why the two types of planning are in many instances inseparable.

As the administrator for the sake of administrative convenience, differentiates policy making from policy-execution, so he tends to distinguish between program planning and administrative or management planning.

10 PLANNING AND BUDGETING

Planning may be exercised as a specialized function or it may be employed as a general point of view by management or staff specialists who are not specifically charged with planning duties. Thus planning is a particularly useful ancillary tool for the budgeting officer. The relations between planning and budgeting are explored below by Robert A. Walker, who has served as a Federal administrative officer and a professor of government.

ROBERT A. WALKER

The Relation of Budgeting To Program Planning ⁸⁸

Among those who call themselves planners — i.e. those who belong to the professional planning organizations — attend planning confer-

⁸⁸ Robert A. Walker, "The Relation of Budgeting to Program Planning," *Public Administration Review*, Spring 1944, vol. 4, selected from pp. 97-102. Reprinted by permission.

ences, and so forth—concern with budgeting has been restricted almost entirely to the capital improvement or public works program. This situation probably arises from the fact that professional planners have been interested primarily in planning physical features, and the public works program is usually a budgeting of major public construction enterprises for the ensuing several years. Consequently, one finds in the literature of planning and in the proceedings of the annual national planning conferences that discussions of the relation between budgeting and planning are cast almost entirely in terms of long-range capital improvement programs. The planners have largely ignored the annual budget process. In so doing, they have neglected the growing importance of the budget as a plan of future action and have overlooked an opportunity to make their work effective.

A budget is indistinguishable from the planning process. Future needs must be studied and put in terms of definite plans of action. These in turn are translated into estimates of financial requirements, and justification of these estimates often constitute excellent statements of an agency's long-time program. The net result is a program for the next year or two, parts of which are frequently presented as segments of a more complete plan. To be useful at the time budgets are being prepared, plans must be sufficiently tangible to be related to financial requirements when a particular budget is under consideration. A rarefied vision of the future, however inspiring, is of little assistance to a hard-pressed budget officer. Recommendations should be specific and the material on any one subject brief. I have heard planners criticized more frequently for vagueness than for any other fault, unless it be the length of their reports. While such criticism is not always justified, it points up the importance of stating definitely when a proposed program should be undertaken, how long it will take to complete it, how much it will cost, why it is in the public interest, whether it involves commitments for continuing expenditures, and the like.

The other side of the problem of bringing planning into budget-making is cultivating an interest in programs within the budget offices. I have stated that forward-looking budget officers will make use of material on long-time objectives and future programs if it is given them in a form they can use. This is true, but it begs the question of whether there are many forward-looking budget officials—as the planners will hasten to point out. A budget office more interested in forms and accounts than in the programs being financed is not likely to encourage planners to provide the kind of material and assistance suggested above. Budget officials can do much to facilitate the valuable contribution which the planners can make to their work by taking an active interest in the planning program and by requesting aid on particular problems.

The budget is itself a plan of work. In the federal government, and in many other jurisdictions, it outlines a program for the ensuing two

years or more. Thus there is no sharp line of demarcation separating "planning and 'budgeting'."

In this manner the major management processes, budgeting and planning, complement each other in administrative practice.

11 THE PLANNING PROCESS

In what respect, therefore, is the planning process unique as a management device? An answer is found in the following list of basic planning propositions formulated by E. J. Coil, Director of the National Planning Association:

E. J. COIL

"Administrative Organization for Policy Planning"⁸⁸

Proposition 1 A planning staff must do more than merely indicate the alternate lines of policy, it must make recommendations by indicating priorities. It is the function of a planning staff to gather the facts, organize them, interpret them, indicate the alternate policies, and rank the potential policies in accordance with the staff's judgment as to their relative suitability and desirability. A planning staff must be willing to state its judgment, it must be willing to fit facts into working formulae. Unless it takes this initiative of interpretation and selection, the planning staff will probably become impotent. A body which seeks to avoid offending anyone, soon loses its power to say anything. It is proposed here that the staff should formulate policies, because that is in keeping with its function and authority, the staff should not determine policy, because that is the executive's function of command.

Proposition 2 It is the function of the administrative staff to advise and not to propagandize the organization or the public. The question arises as to where policy persuasion ends and policy selling begins. In private enterprises the answer is not difficult: there is no public announcement until policy has been determined. In public and semi-public organizations, however, this functional problem is more difficult. Once a policy has been determined, it certainly seems that the findings and interpretations should be made public documents so that the policy can be adequately understood. Or, it may be that a policy needs explanation prior to adoption and execution in order to generate public support. In a democratic society, popular understanding of objectives and the reasoning therefor is essential. But is it always for the executive to decide whether and when such support should be sought? A democracy seems to require that

⁸⁸ E. J. Coil, "Administrative Organization for Policy Planning," *Advanced Management*, January 1939, vol. 4, selected from pp. 12-17. Reprinted by permission.

the findings and recommendations of a staff automatically be made public property—the staff should not decide but should obey the public desire in the matter. In a democracy, the electorate and their legislative representatives need guidance. Should Congress have its own research staff or should legislative proposals be referred to the planning staff for analysis before debate takes place? This problem of relationship between the planning staff and the legislative body is not so difficult in England where the executive is a member of Parliament, but in the United States no satisfactory solution has yet been advanced. It should be borne in mind that in a democracy the electorate is the ultimate policy-determining executive. As far as the executive is concerned, however, an administrative staff cannot be supreme in publicizing what it thinks should be done in matters of policy. The staff is an aid to the executive and not a substitute for him. It is an institution for administrative planning and not a rostrum for spectacular “brain-trusting.”

Proposition 3: It is the function of the administrative staff, as a part of policy planning, to consider the broad ways and means of attaining desired objectives. No one would deny that although an executive may seek the most admirable objectives, his success is often determined in part by his organizational machinery. There are some who hold, however, that problems of organization do not come within the jurisdiction of a policy planning staff. It is not possible to accept this view because how to get there seems to be an inherent part of the problem of deciding where one wants to go. Over-all policy planning must consider the broad problems of organizational structure. In gathering and analyzing information to formulate policies, a staff invariably begins to foresee the organizational relations involved. Understanding the work to be done, it begins to create the organizational framework which can be entrusted with the performance of the task.

Proposition 4: It is the function of the administrative staff to exercise an over-all co-ordinating influence on the administrative plane, and to work in close relationship with the management staff. It has been indicated above that after policy has been determined and the relatively broad ways and means approved, the job of control and co-ordination passes to the management staff. The management staff then works out the details and sees that the departments and operating officials are informed of their respective parts in the general scheme. This division of work does not imply, however, that the administrative planning staff has no further interest in matters of co-ordination and policy fulfilment. Planning is a continuous process, and to make policy studies without continuous observation of performance is frequently futile. Although it is the function of the management staff to check details of performance and efficiency, it is the function of the administrative staff to follow fulfilment and to plan continuously the administrative adjustments of policy and integration of the various branches of the enterprise or of the economy. Although the administrative staff is primarily concerned with planning, and the manage-

ment staff with co-ordination, the function of co-ordination and supervision is actually shared, but with distinctly different emphasis. Unless the distinction is made, it is probable that the detailed co-ordination of the current flow of work will get the most attention and planning and over all co-ordination for controlled adjustment to change will be dangerously minimized.

Proposition 5 The administrative staff must maintain continuous relations with all sub-staffs within the total organization. Planning cannot be effective on the administrative level unless there is planning within departments and divisions of the organization. The staff concept is not confined solely to the plane of the chief executive, operating executives should have their respective staffs to assist them. To be effective, over all planning must be supplemented and supported by a 'throughout' planning structure. With these sub-staffs the administrative staff—and the management staff—must maintain continuous relations. Unless sub-plans pass inspection from an over all point of view, the sub-staffs will distort the organization's work by pulling in opposite directions. By examining the policy plans of these sub-staffs, the plans can be related and integrated within the total policy situation. Not only must there be opportunities for administrative pre-views of policy and reviews of fulfilment, but the administrative staff must establish standards of methods and procedures. Without some standard forms and procedures, co-ordinative control is lost in an anarchy of methodology.

Proposition 6 The administrative staff is directly responsible to the chief executive. The administrative planning staff must be located directly adjacent to the top executive. Policy planning has to be done under the immediate control of the chief executive because he alone is responsible for seeing the over all situation. It is he who has to compare one line of policy with another, to judge the relation of present and future policy, and to determine the general strategy. Only the executive has the power to harmonize policy throughout the entire organization. If the administrative staff is located within a department and placed under a functional manager, its work is immediately distorted. It seems impossible for a staff to maintain an over all breadth of organizational vision if it is subordinated to a particular function. In addition, the locating of a staff within one department invariably creates friction between departments and severely interferes with the necessary inter-departmental co-operation. Experience also shows that whenever an administrative staff is established the line and functional managers always look on it initially with feelings ranging from skepticism to hostility. If the staff is to remain alive long enough to prove itself, it has to be attached to the top executive.

Proposition 7 In being directly responsible to the chief executive, the staff represents no special interests except the interests of the whole organization. An administrative staff for policy planning is not a council made up of representatives of those who have an interest in policy. As their personal arm on policy matters, executives do not want an organized

lobby. The executive wants and needs over-all, informed, disinterested advice, and this can only be obtained from an agency which represents the whole, rather than one which has allegiances to segments.

Proposition 8: Administrative staff work for policy planning is a full-time function. Although the administrative planning staff can well utilize consultants and committees on a part-time basis, the members of the staff—including the chief—should work on a full-time basis. In any large organization, it seems that part-time policy planners cannot follow the work of the operating departments, cannot know what present policies are, and what changes are occurring. The great advantage of staff-work is group thinking. Through steady—not occasional—work, the staff pools its resources, and complex problems of policy yield to concerted attack.

Proposition 9: Administrative staff members should be "generalists," not specialists, although of course they utilize specialists. The very concept of organization implies not only a division of labor but also a synthesis of that labor. Although knowledge has been advanced by specialization, it has been discovered that specialization creates resistances to integration. The executive, who must cope with complex problems in a comprehensive manner, frequently finds great reluctance on the part of specialized personnel to bring the parts together again. A policy planner must have the abilities of a generalist rather than those of a specialist. Even though he has special technical training, his attitude should be that of understanding relations. A generalist should possess a sense of perspective and proportion, should be able to divide problems into their sub-parts and to give each its weight, and should analyze and diagnose. He should be able to synthesize the data and produce a reasoned statement of recommendation, a workable solution. A generalist has the capacity to differentiate, to relate, to think through to a well-rounded judgment.

Proposition 10: Administrative staff members must be purposefully trained for the function of policy planning. A real challenge to organization is the future of its personnel. Certainly, at present, the opportunities and methods for developing persons skilled in staff work are far from adequate.



It is possible for the planning process to penetrate an organization so that it embraces more than the functions described by Coil. Thus the Planning Office of the Division of Placement and Unemployment Insurance of the Department of Labor of New York State was given an ambitious and all-inclusive mandate which included among other functions: "study of actual and potential problems in the fields of programs, policies and procedures, and development of solutions; design of systems implementing possible extensions of program, including experimental procedures; preparation and clearance of legislation; control of issuance and reproduction of all statements of policy, procedures, manuals, training materials; forms, handbooks and

information pamphlets to insure adequacy, conformity with overall Department and Division policy and to screen out unnecessary items, control of all mailing and distribution lists of the Division; review and analysis of reports; follow-up on decisions, projects, and developments, for the information of the Executive Director." ⁶⁰

Useful as many of these control functions are, and desirable as their co-ordinated exercise in one office may be, it is doubtful whether the planning process can survive if its functions are so widespread. A planning agency will certainly lose its effectiveness if it undertakes too many staff and service functions.

The Tennessee Valley Authority, with an official mandate which includes the function of planning physical and social resources, is by no means convinced of the wisdom of establishing a separate planning department or unit. On the contrary, the TVA practice is generally "to couple administrative responsibility for execution with the function of formulating plans for action." Gordon R. Clapp, Chairman of TVA, has explained further: "We find that the distinction between those who plan and those who execute is by no means as sharply drawn as would appear on the printed page. It is a line which is vague and always shifting. We have undertaken to bring about the widest possible diffusion of competence and responsibility for both functions among all the departments in our organization. In practice this means that the same individual, staff or department may frequently participate at several stages in the planning, formulation and execution of the same project" ⁶¹ Much of modern military experience confirms this procedure. While staff agencies for strategic planning are profitably employed, World War II experience demonstrated that planning responsibility on the part of personnel who were to carry out an operation was frequently essential if the operation was to be carried out "according to plan."

12. PLANNING AND RESEARCH

Research, like planning, is a management function. This subject will be discussed in the next chapter, along with the related services of reporting and public relations. Meanwhile, we can inquire into the relations between research and planning.

⁶⁰ New York Department of Labor, Division of Placement and Unemployment Insurance, Planning Office "Planning in 1947." Introduction

⁶¹ Gordon R. Clapp "Some Administrative Aspects of Regional Planning in the Tennessee Valley" Address to the American Political Science Association and the American Society of Planning Officials December 30, 1940.

H. S. PERSON

"Research and Planning as Functions of Administration and Management"⁶²

The term research used in connection with planning means primarily purposeful, *ad hoc* research, but it does not neglect fundamental research. Of course, fundamental research is essential to the definition and redefinition of an objective and to the discovery of new ways and means of achieving it; but the great bulk of the research involved in day-to-day and week-to-week planning is homely *ad hoc* research stimulated by a succession of specific problems arising out of the constant impact of variables on the situations being managed.

Also we must be generous and permit the term research to cover some very simple fact finding—superficial, some scientists might say. But we must be realistic; the purpose of research for planning is not primarily to discover fundamental truths but to make each of the stream of acts constituting management the best possible under the circumstances. A problem arises in the morning in respect of which an executive must make a decision before he leaves his desk for the day. That problem can be given only six or eight hours of intensive study. But the best study of it that can be made within the six or eight hours should be made. The time factor in a dynamic situation determines the nature and direction of the research. Those investigations that have time limits of a day, a week, or a month are functionally of the highest rank in planning and should be given appropriate recognition.

Planning expresses no preference for a particular mode of research. It is concerned with variables; its problems vary, and therefore the modes of research vary. Planning employs as required every known mode of investigation. It draws on the techniques of all the sciences. The specific problem and the time factor determine the type of research employed at a particular moment. Planning tries always to be inductive, but at times it may have to be deductive. It may inspect many units of observation or it may take samples. It may make superficial observations, or a vast array of quantitative measurements. It may conduct a few tryouts, or it may employ truly scientific experimentation. Let us say that it strives to employ in any instance the most pertinent and satisfying modes of research, but is governed by the time factors of its dynamic environment. Whether an investigation is scientific is, after all, determined by the investigator's mental attitude and intent under the limiting circumstances, rather than by the array of facilities and procedures. Otherwise, after one has visited General Electric's House of Magic he would have to say that Faraday was not a scientist.

At this point a distinction should again be made between the re-

⁶² H. S. Person: "Research and Planning as Functions of Administration and Management." *Public Administration Review*, Autumn 1940, vol. 1, selected from pp. 65-66, 71. Reprinted by permission.

search for planning and design of a plan, and the implementing or planning itself. The research must be detached and objective, and the procedures and standards established by it must be the best in terms of the factors of the situation, and impersonal. The researchers for planning may assume the attitude that they are through when they have established the standards in terms of factors of the situation, but they soon discover that a dynamic situation is always changing and they must always be on the jump to keep up with circumstances which compel the modification of established standards and the establishment of new ones. But they are through once standards are established, in the sense that they are not concerned with the actual operations.

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Research thus becomes a major phase of planning, although the planning agency is not the only research unit in the organization.

## SUMMARY

Planning is a tool of management that is used in business and government at practically all levels of responsibility. Within government alone, it may take various forms such as local master planning, city and state public works programming, state or national conservation, resource planning on a regional basis, national economic planning, and administrative planning. Planning as a management function is also a mechanism which is continually used in business administration. Vast differences are apparent between a city planning its specific public works and a nation comprehensively planning its business enterprise. However inadvisable it may be, the process of planning can expand from administrative programming to comprehensive planning on overall management of the national economy. The attitude of rational prevision and the technique of the deliberate programming of related elements are the distinguishing features which characterize all types of this dynamic, though occasionally dangerous, tool of management.

## CHAPTER SEVENTEEN

### RESEARCH, REPORTING, AND PUBLIC RELATIONS

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PLANNING, personnel administration, and budgeting or financial control represent the three primary managerial techniques. Common to all of these techniques is the process of fact-finding and fact-analysis—that is, research—which is also regarded as a fourth technique of management.

The importance of research has long been recognized in the natural sciences and in industry.<sup>1</sup> As a result of our military and atomic energy experience, “research and development” in our industry and economy has been sharply emphasized. From the experience of the atom bomb development under the “Manhattan Project,”<sup>2</sup> we have learned how to manipulate energy in such a way as to change basically our physical and social environment. By the public management of modern research, we can also deliberately accelerate the rate of discovery of epoch-making data and techniques.

Although popular recognition of the urgency for research in the social sciences, particularly administration, is lacking,<sup>3</sup> research has long been recognized as an effective tool by efficient business and public management. Related to research is the reporting of facts, for

<sup>1</sup> In the United States industrial research has shown a rise from 100 laboratories employing 3,000 people in 1915 to 2,500 laboratories employing 133,500 people in 1946. Stanford Research Institute: “Applied Research Center for the West,” August 2, 1948.

<sup>2</sup> H. D. Smyth: *A General Account of the Development of Methods of Using Atomic Energy for Military Purposes under the Auspices of the U. S. Government (1940-1945)*.

<sup>3</sup> The President's Scientific Research Board. *Science and Public Policy*, August 27, 1947, vol. 1, p. viii.

purposes of either administrative control or public information, and the associated managerial technique of public relations. Although these represent three separable, as well as related, subjects, they are treated together in this chapter for the sake of convenience.

## 1 WHAT IS RESEARCH?

What is meant by the term "research"? Professor Lent D. Upson, a staff member of one of the original government administrative research agencies, the New York Bureau of Municipal Research,<sup>4</sup> gives one answer. Following his New York experience, Professor Upson worked in other municipal research bureaus in which the research programs were supported by private citizens and taxpayers. In order to train the necessary research personnel for these organizations, Professor Upson developed a curriculum at Wayne University in Detroit while serving as Director of the Detroit Bureau of Governmental Research for thirty years. In 1944, he established the National Training School for Public Service in Detroit. Here he continued to train administrative personnel by emphasizing research techniques.

### LENT D. UPSON

#### *Letters on Public Administration*<sup>5</sup>

The dictionary definition that research is 'inquiry' is not enough—the equivalent of saying that research is research. True research in the social fields is to collect facts about a specific problem to measure these facts to compare them with other facts or generally accepted truths, and to draw conclusions. Always in complete research there is more than the collection of data which is mere inquiry; there is measurement, comparison, conclusion.

Whenever you make a decision no matter how simple or unimportant, you do research. You collect the facts pertinent to alternate courses of action—compare the satisfactions or dissatisfactions involved in one with the satisfactions or dissatisfactions involved with the other, and make a choice. Nothing is good or bad, far or near, crooked or straight except in comparison with something else.

There are instances in the social studies in which there is the collection of facts 'for truth's sake' and without comparison with other facts and hence without conclusions. But that is partial or incomplete research,

<sup>4</sup> See Chapter 2.

<sup>5</sup> Lent D. Upson, *Letters on Public Administration*. Detroit: National Training School for Public Service, 1947. Adapted from pp. 32, 44, 46-49. Reprinted by permission.

the comparison and formulation of conclusions being left to some one else. The collection of statistical data by governmental agencies (in particular) often falls into this category of "incomplete research."

There is a human passion to collect and classify. So folks attempt to put research into categories according to method although there is actually only one kind of research—statistical. All research has to do with numbers—one or many millions. Often when we deal with one or a few numbers we talk of a "case" study or "survey." When there are so many cases that the facts they produce must be juggled statistically to tell the whole truth, then we talk of "statistical" research. Sometimes, in the social sciences, there is an opportunity to study conditions in a laboratory situation—where conditions are controlled—the victims of the study are hand selected and compared with run of the mine data.

Good social research and good statistical methods involve, first, the collection of the right kind of facts in the proper amounts and with sense enough and experience enough to draw sound conclusions from the comparisons which these facts make possible. If you collect facts accurately—whatever they may be—the statisticians will say that the data have "reliability"; if these facts measure the things you started out to measure, then they have "validity."

Most research begins with a hunch based on observance of isolated "instances" or "cases." This hunch grows into a hypothesis, then a theory, as more and more examples are examined until finally an inductive conclusion appears warranted. This conclusion is called a truth simply because we don't know any better. But please remember that most research gets its start as a hunch.

So the first injunction to the researcher in the social fields is to be "hard boiled," to park his sentiments, his urges for "reform," and his social, economic, political, religious, and racial prejudices when he begins putting people and their conduct into test tubes or looking at them through a microscope. But probably this injunction will be wasted—so do the next best thing—admit frankly these prejudices at the very outset as a concession to intellectual honesty and attempt to weight the validity of your conclusions with that admission constantly in mind. Incidentally, it is remarkable that men and women who wouldn't steal your purse will often without compunction steal your good opinion with crooked research.

Upson, like other teachers and writers specializing in research,<sup>6</sup> has pointed out that administrative personnel are engaged not only in research into social, economic, and political questions, but frequently they are also concerned with fact-finding or fact-counting solely as part of the administrative process. This type of research attempts to answer such questions as: what is the administrative work

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<sup>6</sup> John M. Pfiffner: *Research Methods in Public Administration*. New York: The Ronald Press Company; 1940, pp. 23-24. George A. Lundberg: *Social Research*. New York: Longmans, Green & Co., 1942, pp. 397-412.

load, how much personnel is needed, how much needs to be budgeted, how can the work best be organized, what procedures would be most efficient?

## 2. THE PROBLEM OF RESEARCH

Nevertheless, the most serious research questions are those affecting the public interest in general or a particular clientele or special interest group. This situation is especially apparent in the collection and analysis of data for the newer governmental functions, as described by (a) Sir Herbert Morrison, a leader in the British Labor government, and (b) E. Pendleton Herring, an American professor of government and an executive of foundations devoted to research.

### (a) HERBERT MORRISON

#### "Economic Planning" <sup>1</sup>

The need now is for facts and figures to give all concerned—not only government—a clear up-to-date picture of what is happening with the minimum of effort. Before planning decisions can be taken we have to know what millions of business men, farmers, workers and others are making or growing or distributing. Statisticians have to ascertain how many people there are in the country, where they are, where they live, how many of them are of working age, how many of them are employed in what occupations and industries and grades and so forth. In the same way information has to be compiled on the amount of fuel and raw material used in industry and the value of the products made and sold, together with the resulting earnings and profit. For many purposes the survey must be widened out to cover not only Britain but the world background. All this information has to be available promptly and adequately, so that any changes can be picked out without delay. On this basis forecasts are prepared of what will happen to production, to incomes, to employment and so forth if current trends continue. All this corresponds to the work of Intelligence in the Armed Forces.

### (b) E. PENDLETON HERRING

#### *Public Administration and the Public Interest* <sup>2</sup>

The Bureau of Home Economics was created to assist the Secretary of Agriculture in investigating "the relative utility and economy of

<sup>1</sup> Herbert Morrison, "Economic Planning," *Public Administration*, Spring 1947, vol. 25, p. 4. Reprinted by permission.

<sup>2</sup> E. Pendleton Herring, *Public Administration and the Public Interest*. Adapted from pp. 247-48. Reprinted by permission of McGraw-Hill Book Company, Inc. Copyright 1936 McGraw-Hill Book Company, Inc.



agricultural products for food, clothing and other uses in the home." The bureau grew out of the department's effort to help the farmer and his family. The farmer was looked upon as a producer. Only in very recent years has the idea arisen that the government has a responsibility toward the consumer as such.

In November, 1933, the Bureau of Home Economics issued Circular 296 on *Diets at Four Levels of Nutritive Content and Cost*. This study recommended diets in which the average use of wheat flour was discouraged and fruits and vegetables were stressed as highly important foods. A number of bakers and millers interpreted the pamphlet as an "insidious campaign against bread consumption," and accordingly brought strong pressure on the Secretary of Agriculture to have it suppressed. The Millers' National Federation and the National Food Bureau sent a delegation to see the secretary. A conference of Senators from the wheat states was called and the entire Kansas delegation in the House of Representatives joined the protest. The fight was taken to the Appropriations Committee of the House. A resolution was introduced to the effect that no federal appropriations should be used to pay an official who advocated the reduced consumption of any wholesome agricultural commodity. A defender of this resolution stated: "It serves notice on the bureaucrats, male and female, in the Department of Agriculture that if they do not quit meddling with the food aptitudes and appetites of the American people, their salary checks will stop coming. It hits the would-be autocrats of the breakfast table, the dinner table, and the supper table in the only place where they are vulnerable. It threatens their meal ticket."

This agitation was directed by the so-called National Food Bureau, an agency supported by forty millers and one baker. The pages of the *Northwestern Miller* carried detailed news of each move that was made during the early months of 1935. Here is a fully documented account of pressure upon administrative officials. Congress did not yield to the demands of this minority group. The bulletin on diets reached many thousands of people, but officials in the Department of Agriculture had to pay heavily in time and trouble. For nearly two years they had to defend their position through conferences, letters, and speeches. The issue attracted much attention among the millers and bakers; it meant little to the bread-eaters and breadwinners of the country. Such episodes are enough to induce a cautious attitude on the part of officials. The Bureau of Home Economics has been the favorite butt of senatorial sarcasm on various occasions. These officials would be very unwise to provoke further congressional disapproval. They have no specific statutory responsibility for guarding the health or wealth of consumers.

The most extensive and perhaps the earliest research device in the United States was the national census required by the Constitution.<sup>9</sup>

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<sup>9</sup> Constitution of the United States, Art. I, Sec. 3.

From the beginning the American census was considered a source of social economic, and political data rather than an enumeration of inhabitants only. In 1790 Madison wrote to Jefferson about the proposed census law 'It contained a schedule for ascertaining the component classes of Society, a kind of information extremely requisite to the Legislator and much wanted for the science of Political Economy. It was thrown out by the Senate as a waste of trouble and supplying materials to idle people to make a book.' Nevertheless the Senate reconsidered and the bill was passed.<sup>10</sup>

Objection on similar grounds to the gathering of social and economic information has continued down to the present. Opposition lobbyists and legislators sometimes offer as much resistance to the collection and analysis of data, regarding employment, welfare, health, and housing as they do to the regulatory laws concerned. Yet research continues in spite of resistance and ridicule,<sup>11</sup> and the range of government statistics and research is constantly being enlarged.<sup>12</sup>

### 3 STATISTICAL RESEARCH AS A TOOL OF MANAGEMENT

The collection of statistics as a basis for administrative operations is not a recent phenomenon. Thus, demographic and agricultural data were used by the Medes and the Persians in moving their population and in controlling their crops. Statistics were used even more efficiently by ancient Inca administrators, to whom a mature 'system of records involving highly developed statistical procedures' has been attributed.<sup>13</sup> A more contemporary illustration of the use of statistical research by management is presented by John J. Corson.<sup>14</sup>

JOHN J. CORSON

'The Use of Statistics in Management'<sup>15</sup>

Some years ago I saw John Barrymore play the role of a high powered government administrator. He portrayed the administrator as one

<sup>10</sup> White *The Federalists* Preface p. vii

<sup>11</sup> See for example 'The Federal Nut Department' Editorial, *Chicago Tribune* April 5 1932 James M. Beck *Our Wonderland of Bureaucracy* New York: The Macmillan Company 1913 Chapters 6 and 7

<sup>12</sup> Key *The Administration of Federal Grants to States* pp. 379-80 F. R. Cowell *Government Departments and the Press in the U. S. A.* *Public Administration* April 1931 vol. 9 pp. 214-27 John A. Vieg *The Growth of Public Administration* *Elements of Public Administration* p. 16

<sup>13</sup> Elhott D. Chapple and Carleton S. Coon *Principles of Anthropology* New York: Henry Holt and Company 1942 p. 353 P. A. Means *Ancient Civilizations of the Andes* New York: Charles Scribner's Sons 1931

<sup>14</sup> See Chapter 14

<sup>15</sup> John J. Corson 'The Use of Statistics in Management' *Advanced Management* April 1944 vol. 9 selected from pp. 74-78 Reprinted by permission

having power and authority who directed people unhesitatingly with short inspired commands and, in rapid succession, made momentous decisions without effort or apparent consideration. The movie created the impression that the administrator is a master-mind in a swivel chair who manages vast affairs by some congenital genius. But is this version of the administrator an accurate one? It is accurate to indicate that during a day, the man responsible for the management of any unit is called upon to make decisions promptly and definitely. Yet are these decisions founded upon some indefinable, intuitive genius? Are they founded upon "hunch"?

Here, in many enterprises, dependence upon statistically-arrayed facts ceases and the reliance upon "hunch" commences. But there are in government, as in private enterprise, exceptions to this generalization. The administration of old-age and survivors insurance under the Social Security Act is one. This job consists of three functions, each of which can be measured in terms of a clearly identifiable work unit. The first function is the maintenance of insurance accounts for each of 76 million men and women who have obtained social security account numbers; those individuals, despite their normal human idiosyncrasies, are tangible work units. The second function is the handling of the claims filed when these men and women get old or die. About a thousand applications a day are being filed for old-age and survivors insurance payments. These constitute tangible, substantially identical work units also. The third function is two-fold—(1) seeing that each of the 900,000 aged people, widows and orphans whose claims have been approved receive their payments promptly each month, even though some change their addresses frequently; and (2) seeing that the large number of beneficiaries who die, go back to work, or do something else that disqualifies them, do not get checks to which they are not entitled.

The volume of work for each activity within these broad functions can be determined with reasonable accuracy a year in advance. Each operation then can be planned, budgeted and scheduled. An example is provided by the relatively simple operation of changing the address of each beneficiary. We estimate 987,800 beneficiaries on our rolls by June 30, 1944. Three years' experience has indicated that 1.5 per cent of these beneficiaries change their addresses each month, making a monthly work load of 14,800 and a daily load of 616. On the basis of the experienced production rate of 66 cases per day for each clerk, it is determined that nine clerks must be budgeted for this operation. Using an average of 75 square feet per clerical employe, our present work space will have to be increased proportionately; three additional filing drawers for the change of address form must be provided; and 16,280 copies of this particular form must be provided to cover this need including wastage.

All activities which make up the administration of old-age and survivors insurance are not so mechanical. For instance, in 435 field offices social security account numbers are issued, claims for benefits are received, beneficiaries return checks to which they are not entitled, employers are

requested to correct inaccurately submitted tax returns, and general inquiries from the public are answered. The field offices, most of which have less than six employees, carry on these several activities in varying proportions. To what extent can the work of such offices be quantitatively scheduled and controlled?

Some will contend that such methods of work planning and analysis cannot be applied to many types of activities. Certainly the development of financial and operating plans in quantitative terms for activities in which the work cannot be defined so precisely, such as research, legal counsel, and general policy formulation, requires more ingenuity and effort. To determine the work units by which such activities can be measured and to visualize and estimate the volume of work to be planned for and the time that work will call for, requires more downright mental effort and will not yield as exact a result. Yet, the effort required to think through the tasks to be performed, and to plan for their accomplishment is as essential to the effective performance of work in the fields of research, legal counsel, or policy formulation as in other activities. There are those who will answer this contention with the reply that you cannot schedule and plan creative work. But must we accept that conclusion?

Consideration here of the "use of statistics in management," means any form of quantitative thinking and not necessarily the use of tabulated data or involved techniques of mathematical analysis. With this concept, the professional statistician may be dissatisfied, but the professional administrator will agree. The administrator must review periodically the agency's operating experience, take stock of successes and failures, appraise the accomplishments of each functional activity, and restate the agency's objectives. That is an analytical job requiring the "systematic compilation and use of facts and data" which is Webster's definition of statistics.



Administrative experience shows that the significance of statistical research can be readily grasped by administrative personnel. During the early days of scientific police administration, Professor Charles Merriam was defending the use of traffic statistics before a group of suburban police chiefs. One of the participants finally came to his support with the following argument: "The prof is right, statistics is great, I use 'em to explain, and they can't answer me back, because I've got the dope."<sup>16</sup>

The manager who fails to keep constantly abreast of the latest data by means of statistical techniques and systematic research, is handicapping himself not only in his current operations, but also in meeting emergencies and in planning for the future.

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<sup>16</sup> Charles E. Merriam, "The Development of Theory for Administration," *Advanced Management*, July-September 1940, vol. 5, p. 133.

#### 4. RESEARCH TECHNIQUE AND ADMINISTRATIVE SURVEY

Administrative research, survey, or investigation involves a series of specialized techniques, and as the following reading shows, also a large measure of personal tact. The authors are Harold Seidman, staff member of one of the foremost Federal research agencies, the Division of Administrative Management of the Bureau of the Budget; and Louis E. Yavner, Secretary of New York City's Department of Purchasing, which is also responsible for a continuous and intensive fact-finding program.<sup>17</sup>

**HAROLD SEIDMAN AND LOUIS E. YAVNER**

**"Investigator and Investigatee"<sup>18</sup>**

Nobody loves the investigator. Harassed department heads who periodically find their agencies turned inside out by zealous visitors from budget bureaus, departments of investigation, divisions of administrative management, and special investigating committees are not at all impressed by the theoretical argument that investigation is fundamental to the exercise of executive control. Whatever their value may be to the executive, investigators are all too often considered by line officers to be either time-consuming nuisances or ignorant busybodies.

While not always justified, the investigatee's attitude is wholly understandable. The very word "investigation," although it can be properly used to describe management studies and administrative research as well as criminal investigations, has come to have a sinister sound to many public officials. Legislative investigations in particular have not always been free from political motivation, and some have been nothing more than out-and-out witch hunts. Furthermore, an investigation inevitably disrupts normal office routine. Time must be taken out from seemingly more important duties to answer hundreds of questions, many of them no doubt foolish, and to locate and dig out records and files.

Already troubled waters may be further muddied by the investigator himself. Some investigators share only one thing in common with the subjects of their inquiries—a mutual dislike and distrust. To them all administrators are either pompous stuffed shirts or inefficient hacks. Starry-eyed young administrative analysts fresh from graduate schools of public administration are all too prone to scorn the opinions of a veteran bureau chief, however excellent his record of achievement may be, merely

<sup>17</sup> See Chapter 15.

<sup>18</sup> Harold Seidman and Louis E. Yavner: "Investigator and Investigatee." *Public Administration Review*, Summer 1944, vol. 4, selected from pp. 234-37. Reprinted by permission.

because he is unfamiliar with such terms as "span of control," "scalar control," and the rest of the jargon of the trade

Serious as the differences which separate the investigator and the investigatee may be, experience has demonstrated that they are by no means irreconcilable. As in so many human affairs, a fear of the unknown is frequently the root of the difficulty. This fear can successfully be dispelled by a little missionary work by the director of the division of administrative management, department of investigation, or other staff agency. Wherever possible, he should make it a point to explain the nature of the investigative process and the function of his agency to his colleagues at informal conferences. He should encourage them to bring their serious administrative problems to him of their own volition and, where the department is large enough to warrant it, assist them in setting up their own investigating units to make management studies.

This policy has been followed with good results by the Division of Administrative Management of the United States Bureau of the Budget. On problems of interest solely to one agency, the division assists chiefly by providing leadership and incentives which will stimulate the agency concerned to analyze and work out its own problems. At the same time, the investigator's talent for fact finding and administrative analysis is supplemented by the investigatee's technical skill and knowledge of the problems of his own agency. While the investigator retains responsibility for the planning and conduct of the study, the investigatee actively participates in all stages of the inquiry and assumes joint responsibility for the conclusions and recommendations.

An investigation's ultimate success must be judged by the effectiveness of its recommendations. A muckraker is content merely to point out errors, the constructive investigator wants to remedy them. Improvements cannot be achieved, however, without the active cooperation of the department which must implement the recommendations. This cooperation will not be forthcoming if the recommendations are promulgated in such a way as to cause the department head to "lose face" if he accepts them. No one likes to confess publicly his own inadequacy.

An opportunity should be extended to the department head to rectify the more glaring weaknesses of his department prior to the submission of a formal report to the chief executive. The Department of Investigation [of New York City] frequently makes informal oral suggestions or recommendations to the commissioner whose department is being investigated during the course of an inquiry. More often than not these suggestions are accepted. In these cases it is noted in the report to the Mayor that the "recommendations set forth in this report have been discussed with the commissioner and have already been adopted." Wherever possible, it is highly desirable to go over all of the recommendations with the department head before they are made public. Issuance of the final report and recommendations does not end the investigator's job. The operating department will often require assistance in translating paper

recommendations into fact. New rules and regulations may have to be written and new forms prepared. Employees may have to be instructed in the use of new books, forms, techniques, and procedures. Necessary advice and help should be provided by the investigator within reasonable limits.

The investigator is playing an increasingly important role in public administration. So great are the responsibilities imposed on the chief executive in modern government, whether he be the president, a governor, or the mayor of a large city, that he needs what one writer has described as "more ears, more eyes, and more hands to aid him in the formulation of his policies." Without the indispensable staff assistance provided by the investigator, the executive department is not able to function properly. Intelligent administration must be founded on information, not on belief.

Research is therefore more than a matter of scientific technique. No matter how scientific a survey may be or how detached an investigation, administrators are always faced with the problem of interdepartmental jealousies or personal relations which may prevent the facts from "talking for themselves." Even though research is conducted under scientific titles like "management research," or "management audit,"<sup>19</sup> it remains a managerial device with policy and political implications of the first order.

## 5. STATISTICAL REPORTING AS A TOOL OF MANAGEMENT

To be fully effective for management control, facts and statistics must be not only collected and analyzed—that is, "researched"—but they must also be reported in some current manner so that comparative progress can be measured and key problems recognized by the executive. As Director of the Statistics Division of the Federal Public Housing Authority, Joel Gordon here describes how operating statistics are converted into progress reports, and how progress reports in turn may measure program results.

**JOEL GORDON**

"Operating Statistics as a Tool of Management"<sup>20</sup>

Management in large-scale undertakings has to be able to see the end results of its operation—the forest in spite of the trees. Masses of

<sup>19</sup> William D. Carey: "Control and Supervision of Field Offices." *Public Administration Review*, Winter 1946, vol. 6, p. 20-24.

<sup>20</sup> Joel Gordon: "Operating Statistics as a Tool of Management." *Public Administration Review*, Summer 1944, vol. 4, selected from pp. 189-93, 195. Reprinted by permission.

detailed operations have to be reduced to intelligible form—to simple quantitative measurements that can be grasped. Statistical measurement has become essential to management. Intelligent decisions on broad questions of management demand broad over-all facts which quantitative measurement alone can supply. In response to this need, another new profession has emerged—that of the operating statistician.

Operating research programs vary, of course, in specific subject content, which is determined by agency functions. Basically, however, the same types of problems constitute the core of the research program, and similar techniques may be applied to their solution. This is understandable, since management needs the answers to the same broad fundamental questions, whatever the setting, namely: (1) How much of the job has been done, and how much yet remains to be done? (2) How efficiently is the job being done—in terms of staff, cost, and time? (3) How effectively are the end objectives of the program being achieved—in terms of the services being rendered?

To provide answers to these questions, operating research must encompass

- 1 *Progress Reporting and Progress Analysis* This is usually the major activity of an operating statistics unit, unfortunately, it is often the sole function. Progress is relative and can be evaluated by management only in relation to (a) past progress, (b) progress of other organizations or units within the same organization carrying on comparable programs, (c) established goals or schedules. Progress-reporting systems, therefore, must provide for comparisons of current progress against past and scheduled progress. Reasons for failure to achieve schedule must be established as a basis for administrative action.

- 2 *Statistical Measurement and Analysis of Administrative Performance* Management wants to know not only what the organization has done but how well it has done the job administratively. Has the job been done with minimum staff, at least cost, in the shortest possible time? Operating statisticians have an important contribution to make in providing measurements of performance for self evaluation. The quality of the job done is not normally susceptible to statistical measurement and must be left to professional judgment, but the speed and economy with which it is done can be measured with reasonable accuracy. The operating research program should provide for statistical analyses in the following fields: (a) workload, (b) comparative unit costs, and (c) time requirements of administrative operations. Unit-cost analysis is a synthesis of accounting and statistics, it involves application of statistical, as well as accounting, techniques to financial data.

- 3 *Statistical Measurement and Analysis of Program Results* The final test of the effectiveness of any organization is the extent to which it achieves the public purposes contemplated in its program. Evaluating program results is probably the most difficult from a technical viewpoint. Few instances of an effective job can be found in this area. Program ob-



jectives are not always explicit. When they are vague and general, they must be made concrete before they become susceptible to statistical measurement and analysis. While it is not the responsibility of the operating statistician to establish program objectives, he may serve as a catalyst in forcing clearer thinking through of objectives. Without agreed-upon objectives, a satisfactory social research program is hardly possible.

Simplicity of presentation of data for the busy executive and the non-statistically minded operating official is essential if the reports are to be read and used. This may mean waiving some of the formalities of presentation developed by professional statisticians. Abbreviated tabular presentation limiting the number of facts shown should be used whenever possible. The statistical tables should not require study and analysis. The problem to which the analysis purports to give the answer should be stated explicitly and expressed in terms in which the operating official thinks. The statistical reports should be written for the consumer and not for other statisticians. The presentation of one central idea in a single report is a useful device for feeding information in pill form; management should not be overwhelmed by lengthy reports. The two-page report is probably the best report. The operating statistician who prepares reports for "publication" will soon cease to play a vital role in operations.

The unit responsible for operating statistics and progress reporting should be, according to Gordon, "an integral part of the executive office" if it is to "have authority to establish agency-wide systems, to produce necessary data and to provide independent interpretation of the facts."<sup>21</sup> The importance of administrative reporting for modern management was appreciated by the American philosopher of "dynamic administration," Mary P. Follett. She insisted that executives should utilize records and reports to control current operations, to compile and classify managerial knowledge and administrative experience, and to transmit to the rank and file this experience in the form of efficient scientific methods and measurable standards of performance.<sup>22</sup>

## 6. PRINCIPLES OF PUBLIC REPORTING IN THE UNITED STATES

Operating statistics and administrative reports compiled for the use of internal management may also serve to inform businessmen or stockholders—or a body of citizens in the case of government reports. Popular documents independent of internal administrative reports may be drafted *de novo* for public reporting. This type of reporting has developed in the United States along distinctive lines, as de-

<sup>21</sup> Gordon: "Operating Statistics," p. 190.

<sup>22</sup> Follett: *Dynamic Administration*, pp. 127, 129.

scribed below by Professor Herman C. Beyle of the Maxwell Graduate School of Citizenship and Public Affairs at Syracuse University

### HERMAN C. BEYLE

#### Developments in the Direction of Improved Reporting<sup>23</sup>

Having in mind primarily the reporting done by the officials of American municipalities one should point first to the developments in reporting that may be designated by the phrase the census idea. That is to say the preparation and publication of reports presenting a more or less comprehensive body of classified data composed of non administrative as well as of administrative or operative statistics.

A second development in the reporting done by American municipalities is that which may be referred to as the idea of a fiscal audit. By this is meant the development and improvement of reports giving an account of the fiscal operations of the government and affording the taxpayer an opportunity to learn what has been done with his money.

Closely associated with the idea of a fiscal audit are three other ideas that have influenced reporting. One is the idea of economy in reporting. In particular the practice of publishing bulky reports that few citizens ever read was attacked and in many instances ended. While in the main this movement was a negative one it did result in some constructive developments principally the requirement of simplicity and uniformity in governmental printing.

A second idea that developed with that of a fiscal audit is the idea of a planned system of managerial reports going from the various points in the administrative organization to the controlling executive as an aid in the control and direction of the administration and also reports going from these same points to the official or officials responsible for the formulation and enforcement of a budget.

The third idea that grew up with the developments looking to provision for a fiscal audit is that of a business like account of administrative experience an account not of fiscal operation only but of all significant operations of an office or agency.

Next mention should be made of the monograph idea in reporting. This is a phrase that may be used to designate the developments in the way of reporting which presents an account or description of a single class of data or of a particular problem met with the conduct of government.

Finally there are the developments that may be spoken of as the

<sup>23</sup> Herman C. Beyle. *Developments in the Direction of Improved Reporting*. Government Reporting. Selected from pp. 13-18. Reprinted by permission of The University of Chicago Press. Copyright 1928 The University of Chicago Press.

idea of popularized reporting. This is the idea that reports should be presented in a form that gives some assurance that they will be read, and that they should be presented by any and all media that afford an effective approach to the citizen's interest.

One of the historic origins for the public report by executive authorities in the United States is the constitutional provision requiring the President "from time to time to give to the Congress Information of the State of the Union."<sup>24</sup> By constitutional practice and political courtesy, this provision has been converted into the President's message to Congress. The message contains the policy program of the only nationally elected political leader of the country and is treated as an outline of the Administration's legislative recommendations. As a result of the development of radio and television, the President's message has become a critically important public report. The American state governor, the municipal mayor, and even the professionally appointed city manager, have similarly engaged in public reporting by sending messages to their legislative bodies or by submitting special reports to their electorate. The practice seems to have affected the level of international government. The duty of the Secretary-General of the United Nations to "make an annual report to the General Assembly on the work of the Organization" (which is now also published as a public report), plus his power to "bring to the attention of the Security Council any matter which in his opinion may threaten the maintenance of international peace and security"<sup>25</sup> (which has dramatic public relations value in the light of world opinion), may establish on a world basis the same pattern of public reporting and publicity that characterizes the American system of executive management.

## 7. PUBLIC REPORTS AND PUBLIC INFORMATION

When Professor Beyle completed his study of governmental reporting in 1928, public reports were seldom, according to his standards, "presented in a form which gives assurance that they will be read." The inadequate state of municipal reports at that time was depicted by Wylie Kilpatrick, a specialist in public finance and statistics who served in various university and government research positions.

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<sup>24</sup> Constitution of the United States, Art. II, Sec. 3.

<sup>25</sup> *Charter of the United Nations*, Arts. 98 and 99.

WYLIE KILPATRICK

Reporting Municipal Government<sup>28</sup>

"Though he did know the market price, inch by inch, of certain districts of Zenith, he did not know whether the police force was too large or too small or whether it was in alliance with gambling and prostitution. He sang eloquently the advantages of proximity of school buildings to rentable homes, but he did not know—he did not know that it was worth while to know—whether the city school rooms were properly heated, lighted ventilated, furnished, he did not know how the teachers were chosen, and though he chanted 'one of the boasts of Zenith is that we pay our teachers adequately' that was because he had read the statement in the *Advocate Times*. Himself, he could not have given the average salary of teachers in Zenith or anywhere else" (From *Babbitt*, by Sinclair Lewis.)

The picture in Babbitt's mind of the city administration of Zenith was a hazy muddle not because of unconcern with political affairs, the stubs in his check book would have totalled a fairly large sum of donations for civic organizations. Sinclair Lewis has it that 'he did not know—he did not know that it was worth while to know'—how the city hall was run. But if Babbitt had known that the knowledge was worth while? A good bet was overlooked by the author of *Babbitt* when he failed to put his hero on the trail of the essential facts of city government. The vainness of Babbitt's search would have added an illuminating touch to the picture of Zenith.

Where would George Babbitt have turned for that knowledge? Public reports? A commendable shelf of ponderous tomes back of the office safe. Civic organizations? A long list of Zenith organizations, it was, to which he belonged, with dues, banquets, conventions—and dues. News papers? If the city hall reporter had the facility and persistence to dig out facts from city officers ready to tell what they wanted to tell, and if the city editor was ready to sacrifice space to print fact articles, Babbitt would have tracked down some details, more or less related, of municipal administration.

And finally there is the club, organized or informal. We can with assurance picture Babbitt discussing the mayor and city council in this place. There he would pick up inside stories at the dinner table. There he would pass on the tip regarding street paving. George Babbitt would have found his answer in what those next to him told him. And those next to him would have passed on to him what they had been told. In brief, gossip is today the medium through which information about public affairs is largely transmitted. It may be the private gossip of public business in club, pullman smoker, or subway, it may be public men whispering about themselves with a detonating board conveniently near to broadcast

<sup>28</sup> Wylie Kilpatrick. *Reporting Municipal Government*. *Municipal Administration Service*, 1928, Publication No. 9. Selected from pp. 7, 9. Reprinted by permission.

the gossip; it may be a newspaper willing to dignify, by a date line, the reporter's half-hour cribbing from a report. Whatever the method, the unrelated or unweighted fact, the story compounded of half-verified rumor and ill considered data is the basis around which opinion takes shape.

A generation later, public reporting and annual or periodical reports of municipal expenditures and functions had reached a higher state of refinement.<sup>27</sup> A tendency existed to overemphasize complicated fiscal data, to reproduce over-specialized departmental summaries, and to exaggerate accomplishments rather than failures in performance. But one of the most dramatic administrative developments during this period was the successful publication of the facts of management for the dual purpose of winning public understanding and effectuating public control.

## 8. TECHNICAL REPORTING AND PUBLIC REPORTING

These advances in public reporting were not so readily reflected in the special reports on complex public issues and the technical reports on specialized subjects. The problem involved in this type of public reporting is presented by David Cushman Coyle, engineer, economist, and public official.

### DAVID CUSHMAN COYLE

#### "Information" <sup>28</sup>

The weakness of technical reports as an instrument of democratic government needs to be understood. Probably the chief obstacles to their effectiveness lie in the time element and in the failure to obtain effective publicity.

The temporary committee customarily publishes a report, which is available to the public and to the legislature and is therefore likely to have some effect on public opinion as well as on the policies of the executive. A committee takes time and while time passes the crisis that led to the appointment of the committee may have subsided, leaving the underlying maladjustments still uncured, but allowing public concern to be diverted to more pressing questions. Thus the committee's weighty conclusions are launched into an air pocket and take a nose dive into oblivion.

<sup>27</sup> Clarence E. Ridley and Herbert A. Simon: "Specifications for the Annual Municipal Report." International City Managers' Association, 1948. Joseph S. Toner: "How Good Is Your Annual Report?" *Public Management*, November 1948, vol. 30; pp. 318-21.

<sup>28</sup> David Cushman Coyle: "Information." *Public Management in the New Democracy*. Adapted from pp. 51-53. (Fritz Morstein Marx, ed.) Reprinted by permission of Harper & Brothers. Copyright, 1940, Harper & Brothers.

The classic example is the series of investigations of the soft-coal industry since 1900. Any chronic maladjustment that manifests itself in periodic spasms is likely to show this phenomenon of ineffective technical study by committees that are appointed during the spasm and report during the subsequent period of quiet.

One may suspect, without citing instances, that sometimes an executive may resort to the initiation of research projects in order to avoid the unpleasantness of facing facts. Quite often it appears that enough is known already to justify the application of a remedy, but to a reluctant executive the propensity of scientists of the pure type for never coming to a final conclusion, offers an escape from responsibility through an appeal to the revered name of scholarship. To the scientists who are honored by an invitation to serve on an advisory committee, the possibility that they are being used merely to raise a cloud of dust would not be apt to occur until a later date. It is, however, necessary to recognize that an executive may be in no hurry for a report and may be content with a report so voluminous and dull as to begin gathering dust while it comes off the press.

The scientist with an academic standing is often contemptuous of the vernacular and feels himself degraded if his name is attached to statements in the comparatively inexact language of the common people. The weight and solidity of his volumes testify to the validity of his Ph.D., but do not cause Congressmen to get letters from their constituents in support of the scientist's conclusions. To be successful, therefore, a committee should include a number of practitioners of applied science or other less virginal arts who are not above writing a plain summary for the long-suffering newspaperman. The fact is that truth may be mighty but this is a noisy world and if truth wants to prevail she has to 'have what it takes'.

The American system of committee reports ranges from the special legislative investigating committee to the expert committee which in some cases presents the popular type of report advocated by Coyle. With less publicity, the British have attempted to accomplish the same results by means of the "royal commission," an investigating body which combines dignity and expertise and which avoids the American shortcomings of the "partisan" origin of the investigating body or "the rivalry between the executive and legislative branches of the government."<sup>29</sup> Despite these defects, American investigating committees and commissions have frequently conducted research of a high standard and have issued objective reports on many controversial public matters.

<sup>29</sup> Harold F. Gosnell, "British Royal Commissions of Inquiry," *Political Science Quarterly*, March 1934, vol. 49, p. 118.

## 9. PUBLICITY AND PUBLIC RELATIONS

That publicity and a more popular form of reporting can obtain the necessary public support for the administration of government is an American idea. Businessmen, too, have concluded that "the practice of public relations, during the past two decades, has been slowly evolving and crystallizing into virtually a new science of business."<sup>30</sup> Business management has gone so far as to establish public relations staff agencies as part of their "top-management" structure.<sup>31</sup> Originally associated with the municipal reform movement of this period, the technique of public relations in public management has experienced a remarkable development as shown in the following readings: (a) A statement regarded by Professor Beyle as "one of the best discussions to be found on the subject of general governmental reports and reporting,"<sup>32</sup> was made in 1919 by Morris L. Cooke after the beginning of his public service career as Director of Public Works of the City of Philadelphia. (b) A broader definition of administrative public relations was presented a generation later by Professor William E. Mosher, Dean of the Maxwell Graduate School of Citizenship and Public Affairs at Syracuse University.

### (a) MORRIS L. COOKE

#### "Publicity"<sup>33</sup>

Publicity is the backbone of progress. Our largest and most successful private corporations are more and more taking the public into their confidence. This includes facts both about the commodity sold and methods of operation. If it is a well-recognized fact that publicity brings rich returns to large private corporations the case is no different in its essentials when the corporation is the city. The city caters to the same customers as do our industrial corporations, the public utilities and the railroads. It behooves the public official to use to the utmost the opportunities at hand for educating and influencing public opinion to a favorable impression of the concern he represents.

With the widening of the field of government it becomes in-

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<sup>30</sup> Bronson Batchelor: *Profitable Public Relations*. New York: Harper & Brothers; 1938, p. ix.

<sup>31</sup> Out of one sample of twenty-six corporations studied in 1941, thirteen had such separate staff agencies. Holden, Fish, and Smith: *Top-Management Organization and Control*, p. 45.

<sup>32</sup> Beyle: *Governmental Reporting*, p. 17.

<sup>33</sup> Morris L. Cooke: "Publicity." *Our Cities Awake*. Selected from pp. 193-95. Reprinted by permission of Doubleday, Page & Company. Copyright, 1919, Doubleday, Page & Company.

creasingly difficult to instruct the people as to the uses to which their money has been put as well as those objects for which it is proposed to expend future sums. A man in private business frequently answers that he does not have to give his reasons; sometimes he even resents being asked for them. But a public official should beg for widespread discussion of public problems; for only in this way can he get the necessary public support for those plans deserving support. Too frequently the public has either half information or misinformation.

There is probably no question affecting the administration of American municipalities to-day which is of greater moment than this one. We have to get rid of the now old-fashioned idea that advertising is a crime.

### (b) WILLIAM E. MOSHER

#### Public Relations <sup>34</sup>

The scope of public relations, as we conceive it, involves much more than the mere dissemination of information. The term is here taken in a most literal sense as covering all relations with the public. The acts of service whatever they may be, as well as the bearing and behavior of those performing them, should be satisfactory to the public. Satisfaction is a subjective state. To determine its presence or absence calls for expression on the part of those served. An enlightened public relations policy will therefore seek to discover the state of mind of the public concerned—by facilitating the expression of suggestions and grievances, by attitude and opinion investigations, and by other means that have been developed by the more progressive commercial concerns interested in consumer reactions. This phase of public relations has been pretty generally neglected by public authorities.

Among the other means mentioned by Professor Mosher is the fuller use of advisory committees to channel information or programs to special groups of citizens, that is, to the clientele served or regulated by the agency concerned.<sup>35</sup> In his definitive work, *Government Publicity*, Professor James L. McCamy has pointed out the necessity of using the public relations program to avoid unfavorable publicity and to advance public understanding that would neutralize unjustified attacks upon public agencies.<sup>36</sup> As Dean Appleby has

<sup>34</sup> William E. Mosher, *Public Relations: Public Relations of Public Personnel Agencies*. Report of Committee on Public Relations of Public Personnel Agencies, p. 4. Reprinted by permission of Civil Service Assembly of the United States and Canada. Copyright 1941. Civil Service Assembly of the United States and Canada.

<sup>35</sup> Leonard D. White and Maure L. Goldschmidt, *Making Our Government Efficient: Problems in American Life Series*, Unit No. 12. National Education Association, p. 33.

<sup>36</sup> James L. McCamy, *Government Publicity*. Chicago: The University of Chicago Press, 1939, pp. 31, 34.



demonstrated, "the pounding of public criticism is so intense, that, more and more, government officials break under it."<sup>37</sup>

## 10. LOCAL AND STATE PUBLIC RELATIONS

That political and personal relations constitute a vital part of administrative publicity is demonstrated in the detailed public relations practices of municipal and state agencies. These practices are here described by (a) Elton D. Woolpert, a Federal administrative official with extensive municipal research experience as a staff member of the International City Managers' Association; and (b) Harold P. Levy, Director of Public Relations of the Department of Public Welfare of the State of Pennsylvania.

### (a) ELTON D. WOOLPERT

#### Municipal Public Relations<sup>38</sup>

The importance of personal contacts between citizens and [municipal] employees cannot be stressed too strongly. The city as an institution or the policies of cities as such do not make a very definite impression upon most citizens. It is not until the citizen has contact with some representative of the institution in the administration of some policy that the city government becomes a reality to the citizen. It must be remembered that in every citizen-official contact the city employee is representing the city. In the eyes of the citizens he is, for the time being, the city. What he does and how he does it are therefore of vital importance to the public relations program.

The clerks and cashiers who handle the majority of citizen callers at the city hall have a big public relations load to carry. From a public relations point of view, police officers hold a position of peculiar importance. In a sense the police officer personifies the city government, for his work requires him at various times to represent the law and the regulatory and service aspects of city government. Furthermore, his uniform and his presence in all parts of the city make him a particularly conspicuous municipal servant. The domineering, I-am-the-law attitude of many officers is undoubtedly responsible for the fear and hostility with which so many members of the public regard the police. Training and discipline in police courtesy is therefore an important part of the public relations program. Although firemen have fewer personal contacts than police officers, their number, their uniforms, and their presence in all sections of the city make

<sup>37</sup> Appleby: *Big Democracy*, p. 37.

<sup>38</sup> Elton D. Woolpert: *Municipal Public Relations*. Selected from pp. 14, 16-17. Reprinted by permission of The International City Managers' Association. Copyright, 1940, The International City Managers' Association.

them important public relations agents. In their actual fire fighting activities they are playing dramatic roles that have natural publicity and public relations appeal. In addition to firemen on inspection duty most cities have a number of other officials who carry on inspectional activities in the fields of health, weights and measures, building construction, etc. Here again the considerations of appearance, manner of treating the citizen, and the ability to explain the why of the service and to answer questions regarding the employee's own department and other city activities have a direct bearing on public relations.

The engineers and laborers engaged on city construction projects are seldom considered as having any public relations importance, but they can be very useful contact employees. Construction activities hold a peculiar fascination for many people, as is evidenced by the crowd that will always gather to watch a steam shovel at work. Superintendents or foremen in charge of such projects are frequently questioned as to the nature of the project, its purpose, its cost, and so forth. Furthermore, the construction of such projects may often give rise to citizen complaints. Not only the noise and dust which annoy neighboring householders but also any infringement on private property rights may be the cause of complaints. It is certainly in the interests of public relations to see that superintendents and foremen are well informed and able to answer questions and that they have a clear understanding of their authority and limitations in handling complaints.

#### (b) HAROLD P. LEVY

##### *A Study in Public Relations*<sup>39</sup>

Of all its separate publics none is more important to the Department than the state legislature. The General Assembly of the Commonwealth of Pennsylvania, for that body controls the destiny of the state assistance program. The legislature meets in regular session biennially and the subject of relief is always a major consideration. Therefore the state office gives all out personal attention to each legislative session. The secretary and public relations director alike cultivate good personal relations with legislators and political leaders by being helpful. Over a period of time they have come to be relied upon as experts in the subject of relief with which the lawmakers are so frequently concerned. Legislators call upon them for advice, and it is not unusual for members of the House or Senate to request factual information to incorporate in their speeches. While greatly accelerated during legislative sessions, service to all members of the General Assembly continues throughout the year. The Depart-

<sup>39</sup> Harold P. Levy, *A Study in Public Relations*. Adapted from pp. 58-61, 98-99, 113-14. Reprinted by permission of Russell Sage Foundation. Copyright 1943 Russell Sage Foundation.

ment keeps them posted on developments in the assistance program with copies of its monthly bulletins, weekly statistical reports, and selected news releases which go to them routinely.

Despite its active participation in legislative affairs, the Department carefully keeps out of the area of actual lobbying. It refrains from "buttonholing" tactics. Rather, it endeavors to provide a kind of personal service, confining its attentions mainly to the Welfare Committee of each house where bills relating to public assistance undergo their legislative "grooming."

Of the several well-known public reporting media available to a state agency—including newspapers, radio, exhibits, films, publications, and the spoken word among others—the Department of Public Assistance places greatest emphasis upon the press. The Department's news reports fall generally into two classifications:

(1) Routine releases, which, as the name implies, are reports regularly issued about the public assistance program and the agency's own operations. These are considered a public information standby.

(2) Special releases which differ from the routine type essentially in timing and content. These may be used to report spot news. They may be designed to correct misunderstandings or misstatements. Or they may be focused upon major developments which the Department wishes to point up or feels it should bring to public attention. In a sense, therefore, special releases may be intended to build popular support for the assistance program at the same time that they inform the public about it.

The cordiality established by the chief of public relations with the men of the news room works to their mutual advantage. Representatives of the press depend upon him for news and background information helpful or necessary in their work; he depends upon them to distribute Department news throughout the state and to provide tips and leads from behind the political scene. The public relations chief uses every opportunity to talk to wire service men off the record about the assistance program and its problems. He studies the special interests of individual men, and collects exclusive information for them on their specialties.

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Governmental publicity has freely employed—some citizens think too freely—the same devices used by commercial advertising, including printed reports, public addresses, radio announcements, motion pictures, exhibits, and tours.⁴⁰ As Woolpert and Levy suggest, however, in the long run no safer vehicles exist for effective public relations than (1) smooth administrative service rendered daily to the public, and (2) candid and continual clearance of information with the policy-making body.

⁴⁰ Woolpert: *Municipal Public Relations*, p. 42. Council of State Governments: *Advertising by the States*. Chicago: 1948.

11 A NATIONAL PROGRAM OF PUBLIC INFORMATION

The formulation of public opinion by Federal bureaucrats has at times alarmed Congress. In order to prohibit or curtail expenditures for public relations personnel or publicity, Congress has often attached prohibitory riders to appropriation bills.⁴¹ However, under the guise of "information," "publication," "education," or "education research," Federal public relations personnel and agencies have continued to thrive in certain departments and bureaus. Public relations has thus become an inevitable and essential tool of administrative management.⁴² An outstanding example of governmental public relations is the overall information agency evolved during domestic crisis and world war. The rich propaganda experience of the United States during World War I was extended during World War II,⁴³ not only with reference to enemy propaganda, but even more elaborately in domestic public information programs. The main administrative vehicle for this purpose was the Office of Government Reports, established in 1939 as part of the Executive Office of the President and directed by Lowell Mellett, one of the nation's leading journalists.

LOWELL MELLETT

"The Office of Government Reports"⁴⁴

The need for machinery through which the citizen can get information about all departments of the government is one that has been proved abundantly during recent years. In the current defense program, as during the recovery program of 1932 and subsequent years, it was not only the crank who looked for help of this kind. Businessmen seeking information about purchasing and regulatory agencies, state and local government officials wanting to know which departments were undertaking work that impinged on their programs, and private citizens and unofficial organizations of all kinds desiring guidance to the sources of data that vitally affected their interests, all had a legitimate reason for wanting a single center of information to which to turn. The need for clearance of information between the federal government and the public, however, was not altogether a private need. Federal agencies from the President and Congress to bureau officials and research workers needed

⁴¹ Key, *Politics, Parties, and Pressure Groups*, pp. 714-15.

⁴² McCamy, *Government Publicity*, p. 7.

⁴³ Harold D. Lasswell, *Propaganda Technique in the World War*. New York: Alfred A. Knopf, 1927.

⁴⁴ Lowell Mellett, "The Office of Government Reports," *Public Administration Review*, Winter 1941, vol. 1, selected from pp. 126-31. Reprinted by permission.

to know what the public was thinking and doing about the various governmental programs so that the programs could be founded on democratic cooperation rather than on government fiat. Each federal agency, furthermore, needed to know what the others were doing, and it was obvious that a central office to provide clearance for such information would save a tremendous amount of time and work.

The first effort to set up machinery to meet these needs resulted in the establishment of the National Emergency Council, of which the U. S. Information Service was a part. There had been earlier and less formalized efforts, of course, such as the preparation of the "Yellow Journal," a daily collection of press clippings that was compiled in the White House in the days of Theodore Roosevelt. But the National Emergency Council provided a more adequate system of exchange of information. The functions are carried out through the three operating divisions of the Office of Government Reports: (1) The Division of Field Operations, with thirty-four state and regional offices which serve as central contact points in the field for citizens and for representatives of federal, state, and local governments; (2) the Division of Press Intelligence, which maintains for distribution to government officials the only permanent chronological press record on national affairs for the past seven years; and (3) the United States Information Service, which provides in Washington and New York a central clearing house for inquiries concerning all branches of the government.

The headquarters office of the Division of Field Operations supervises the coordination, liaison, reporting, and informational activities of its state directors. It informs federal agencies of problems reported by state directors, and assists in the adjustment of these problems. It clears legislation proposed by federal agencies for enactment by state legislatures, and prepares for the information of federal agencies concerned reports on state legislation which may directly or indirectly affect their operations. It supplies state directors with information to enable them to serve as central clearing houses through which individuals, organizations, state or local governmental bodies, and the field offices of other federal agencies may transmit inquiries and complaints and receive advice and information.

To assist the field offices to answer the maximum number of questions with the minimum delay, the Washington office studies the informational publications and releases of all federal agencies daily, and selects and forwards to the field those which will be helpful. Because many local papers do not carry an adequate presentation of federal news, a daily "Information Digest" summarizing the preceding day's development is sent to all field offices, and even in Washington it is useful enough to be requested by a large group of ranking officials. "This Week in Defense," a weekly summary of defense developments, now goes to more than 2,500 officials in Washington and the field. When state directors report a particularly heavy demand by the public for information not covered in regular publications of the various agencies, information is

prepared to meet the demand. Other publications of the office bring together information and statistics which are available in no one federal agency. The *Informational Handbook* is a collection of statistics on subjects of general interest to students and writers, covering national income, public debt, farm income, employment, cost of living indices, and interest rates of federal agencies. *Activities of Selected Federal Agencies, 1933-1940*, is a brief outline of the operations of the more important emergency and recovery agencies.

Of equal importance is the function of reporting to the administration what citizens, groups of citizens, and state and local government officials think of the work of federal agencies. To that end during the past year state directors prepared and the Division of Field Operations summarized and analyzed twelve nationwide reports and several hundred special reports covering limited areas or problems, to keep the President and other officials informed of public reaction to various federal agencies and programs.

Another activity of the Office of Government Reports is the clearance of bills proposed [by federal agencies] for submission to state legislatures, to enable state participation in federal programs. Proposed bills are examined from the point of view of policies and objectives. Where there appear to be duplications in proposals for the same state, the sponsoring agencies collaborate in preparing composite redrafts where proposals may affect the operation of other federal agencies; the agencies concerned are consulted and, if necessary, conferences are arranged to work out satisfactory adjustments.

The field offices of the O G R sponsor a series of broadcasts entitled 'U S Government Reports.' This year fifty-one fifteen minute interviews have covered the activity of thirty-four agencies and bureaus, and a series of fifteen electrical transcriptions on the national defense program has been broadcast over some 250 stations throughout the United States.

The Division of Press Intelligence provides for government officials—executive, legislative, and judicial—a central clipping bureau through which is available an accurate survey of editorials and news items in the principal newspapers throughout the country. The *Daily Bulletin* provides an index of news and editorial comment on public affairs. The items are gathered from 350 daily newspapers of key cities throughout the country. If an official wishes to see all comment on a certain subject over a period of months or even years, the clippings, sometimes several hundred or even several thousand, can be taken from the file and delivered to him promptly. As an example of the scope of this service, during the first eleven months of 1940, 152,799 clippings were sent to members of Congress.

Special research is provided upon request. In 1940, over 1,900 requests for special research were filled. *Magazine Abstracts*, a weekly summary of articles and editorials on government affairs from fifty weekly and monthly magazines, is distributed to over 1,200 members of Congress.

and government officials. At the request of the State Department three hundred copies are mailed each week to representatives in the foreign service to enable them to keep in touch with national affairs. Considerable time and effort are saved government offices and the public by the publication of the *United States Government Manual*. Published by the Service three times annually and sold by the Superintendent of Documents, the manual is a reference book on the creation and organization, functions, and activities of all branches of the government.

The special interest group can always maintain a skilled representative to keep it acquainted with the aspects of the federal government with which it is concerned. The general public, on the other hand, looks to the President as the responsible Chief Executive of the federal government, an official to whom it is appropriate to direct advice, complaints, or request for information regarding any executive department or agency. Likewise, only the President can appropriately provide for the interchange of information among the various parts of the executive branch. To enable the responsible Chief Executive to meet these needs, the Office of Government Reports was established as a division of his Executive Office; its experience, and that of the agencies whose duties it inherited, have proved that it has a permanent and important function to fulfill in the American system of government.

Supplementing this publicly administered system of public information was the government sponsored but privately managed War Advertising Council. Although the Office of Government Reports was discontinued, the Advertising Council's program continued into the post-war period and publicized quasi-public campaigns for the sale of savings bonds, the recruitment of student nurses, and the prevention of accidents.⁴⁵

The basic problem remains whether government, aside from periods of national crises, should share more completely in the American system of "freedom of the press." The "founding fathers" were less alarmed than some of their descendants by systematic public information of this type. The original purpose of the entire system of Federal post roads was frankly to provide a means of communication for the dissemination of laws, public documents, and even "political information." Washington and his Secretary of State, Timothy Pickering, thus distributed the unprecedented number of 10,000 copies of the American instructions and dispatches in the XYZ affair in order to support their policy directed against revolutionary France in 1798.⁴⁶

⁴⁵ Theodore S. Repplier: "Advertising Dons Long Pants." *Public Opinion Quarterly*, Fall 1945, vol. 9, pp. 269-78. J. H. R. Pimlott: "Public Service Advertising." *Public Opinion Quarterly*, Summer 1948, vol. 12, pp. 208-19.

⁴⁶ White: *The Federalists*, pp. 106, 175-76, 482, 508.

12 THE HANDLING OF PUBLIC COMPLAINTS

In addition to its positive purpose, publicity has a preventive function in avoiding public misunderstanding or answering misstatements or complaints. What is the best public relations policy to follow in dealing with public complaints? A variety of administrators' responses in such instances is illustrated in the following (a) the serious response, by Alfred H. Stone, Chairman of the State Tax Commission of Mississippi and student of history and governmental affairs, (b) the semi serious response, by Earl H. Barber of the staff of Electrical Utilities in Reading, Massachusetts, an engineer interested in psychology, and (c) the humorous response, by Leon Hornstein, who served the city of Chicago for many years as First Assistant Corporation Counsel.

(a) Letter from the Mississippi State Tax Commission to Mr. John T. Kimball, April 20, 1945⁴⁷

We do not regard this Commission as a mere tax gathering machine, functioning without human impulses. We have sought, rather, to breathe the breath of life into its operations, to humanize its functions, to make of it an agency of useful social service to all the people with whom we deal. We like to think that we collect taxes primarily FOR the people of Mississippi, rather than FROM them. We believe that the taxpayers should be given the benefit of the doubt, in matters wherein reasonable differences of opinion arise. We believe that the confidence and the co-operative good will of the taxpaying public are just as valuable assets to the State of Mississippi, and to this Commission in its efforts to serve the State, as customer goodwill is to a commercial business or to an industrial enterprise. We believe that the continued faithful adherence to our humanized policy of social service in tax administration will eventually prove as materially valuable to the State as similar policies are in the business world.

(b) EARL H. BARBER

"The Education of a Public Servant"⁴⁸

Undoubtedly I had the requisite technical knowledge, but was that enough? Those who assigned me the task of dealing with such com-

⁴⁷ Letter from the Mississippi State Tax Commission to Mr. John T. Kimball, April 20, 1945. A Synopsis of the Tax Laws of Mississippi Relating to the Manufacturing Industry. Bulletin of the State Tax Commission, April 20, 1945, p. 4.

⁴⁸ Earl H. Barber, "The Education of a Public Servant," *The Journal of Land and Public Utility Economics*, August 1936, vol. 12, selected from pp. 238-39. Reprinted by permission.

plaints against gas and electric companies as reached the State House evidently thought it was, or at least hoped it might be. I hoped so too. But a sense of bleak incompleteness came over me when I confronted my first client.

She was a tall woman: tall, angular, and determined.

"Me bill is too big."

"What makes you think so?"

"The size of it."

"I know, but what makes you think it's oversize?"

"Here, look at it yourself, if you think I can't read!"

And that, according to her notion, was that. She had presented her case, she had proved it with indisputable evidence; all that remained was for me to execute judgment. She settled back in her chair to supervise the execution, and I, with what might pass for weighty consideration, settled back into mine.

What could be done in a case like this? Tell a woman who wore a hat like Queen Mary's that all gas meters were tested, sealed, and recorded by the state before they were placed in service? Show her the sustained accuracy that meters revealed, decade after decade, in check tests made in response to thousands of complaints like hers? Tell her that the law required gas to be sold by meter: that the meter was installed for her protection? Tripe, baloney, and don't you think you're smart!

My bill is too big—There it is—Read it yourself . . . Before that dominating conviction what logic could stand?

None. None whatever. The mentality confronting me across the desk was not susceptible to logic: it was simple, elemental. It was an unreasoning, primal thing like one of nature's laws; existing, self-sufficient, beyond reach of human rationalization.

And over in the offices of the gas company, across the river, was just such another state of mind. She's used the gas: now let her pay for it!

Between them there was little to choose. One, of course, had the force of logic, but it was clear even to the technically trained mind that the realm of logic had been left behind. What logic was there in a company's holding its work done when unfinished business, crude and elementary as this, remained to be handled at public expense?

I thought of the president of the company sitting in his paneled office, precise and immaculate under the oil portrait of his predecessor, push buttons bringing every department of the huge corporation at his call. I thought of him, I thought of the tolerant grin he would bestow on my predicament, and at the thought reached for the telephone.

That the president was peeved at the interruption did not bother me in the least; I was peeved myself.

"One of our customers is here, Sir, with a bill that's too big."

"Well, what of it? My own bill is too big, but I can't do anything but pay it!"

"That's where you're wrong. You can do something. You can make a complaint to this office like anyone else. If you come right away you can take care of this customer, too, without making a special trip for the purpose!"

For an appreciable time the telephone whispered phantom sounds of its own devising. Then came a cautious inquiry.

"Is it a him or a her?"

"The latter, and how!"

"Where does she live?"

"Sullivan Street, Number 28, down by the docks."

"All right," came the response, cautious no longer, but hearty and confident. "Ask her when I can see her at home. When it will be entirely convenient for her. Be sure about that. Tell her I'll suit my time to hers."

And that night at the lodge room of the Mortar Mixers' and Hod Carriers' Union, Patrick Finnegan would take a Partagas out of his pocket, eye it critically, and announce, "Well, boys, I guess I'll have me a smoke av a real seegar."

"Where were ye after stealin' that?"

"It's one av thim give t' me by me friend Alton Wells, the President av the Gas Company. . . . Me and him had a bit av business he come t' the house t' see me about this noon."

Meanwhile what of the big bill, or what of the complaint that had been such an impasse? Forgotten. Forgotten completely, or if remembered at all, recalled in the roseate haze of an attention not to be reckoned in terms of dollars and cents. It wasn't a big bill, really; it was just something to talk about in the absence of something more exciting.

So much then for my first big bill complaint. But what of those to come? Alton Wells couldn't spend all his time making pastoral calls. But he wouldn't need to. When he returned to the office he would press one of the buttons on his desk, and the head of the customers' bureau would qualify as his substitute thereafter.

(c) Letter from Leon Hornstein to Hugo F. Arnold, June 8, 1932⁴⁹

Your letter of June 1, 1932, addressed to Hon. A. J. Cermak, mayor of Chicago, was referred by him to the law department for reply.

You state that the members of your association have read "with interest and deep concern" the report carried in some newspapers to the effect that the mayor, in discussing the school situation with certain newspaper men, made some alleged disparaging remarks about sausages. It is said that he associated dogs with sausages, and that while he probably did not intend any reflection on this delectable article of food, said by you to be one of the favorite items of the diet of the American people, such flippant remarks about dogs and sausages have a tendency to raise doubts

⁴⁹ Letter from Leon Hornstein to Hugo F. Arnold, June 8, 1932. City of Chicago: Corporation Counsel's Opinions, vol 144, p 648

in the minds of persons not well informed, especially children, as to the materials that enter into the composition of a well-regulated sausage.

Your own letter was supplemented by one from Mr. W. H. Gaussein, of the Institute of American Meat Packers, who says that "the industry feels that the association of dogs and sausage is an unpleasant one and one which is decidedly unfavorable to the use of our product." Thus, it appears that there were two formidable organizations that flew to the defense of the sausage when slandered.

It may be stated most emphatically that the mayor had no intention of making an attack designed to injure the reputation of even the most insignificant and least understood sausage. He assures us that he has made onslaughts on sausages, but that they were of a different kind, and he found them pleasant and wholesome, so that he knows that with dogs, as with humans, any association with sausages results from the sausages being in the dogs instead of the dogs being in the sausages. Nor did the mayor expect for a moment that what he said would add to the discussion that has gone on about the contents of sausages from time immemorial, a discussion which in more recent years has simmered down to a better understanding of sausages, so that they are now playfully referred to on all hands as "hot dogs," just as many well-liked individuals are sometimes fondly called "sly dogs," "jolly old dogs" or "true blue dogs." The mayor even said that he likes them so well that if he takes any stand on the question at all it will be a hot dog stand. In the face of such a strong affection as he now professes for sausages there is no need for further vindication or retraction.

We hope this letter of explanation will have the effect of restoring the public's confidence in sausages.

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Administrators cannot always be so light-hearted. When serious issues are at stake, when the complaint is unjustified, or when there is misrepresentation of the facts by the complainant, a serious but respectful answer is advisable. Reviewing his experience in this connection one administrator explained: "Invective we could laugh off; inaccuracies we felt obliged to answer."<sup>50</sup>

## SUMMARY

Research, reporting, and public relations are newer managerial functions, necessary to the executive who appreciates the importance of facts, of operational statistics, and of purposeful reporting. So important are these techniques for modern management that most administrators conduct publicity functions through staff specialists or agencies attached directly to them rather than through a subordi-

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<sup>50</sup> Dimock: *The Executive in Action*, p. 117.

nate department head The danger here is the usual one of the staff agencies displacing the line when they are not qualified to do so Cases have been reported where powerful publicity offices have changed the wording of public releases and thereby tampered with the organization's policies Dangers and defects are thus inherent in the type of publicity that merely propagandizes or distorts the facts, in routine reports that remain unread or unacted upon, in research for the sake of research

Mistakes in handling the primary management techniques such as the budget, personnel, or planning functions accumulate more slowly, but a serious error in publicity or public reporting may strike with sudden disaster On the positive side, nothing can be of greater assistance to the long run success of an administrator than smoothly conducted day-by-day relations with his clientele or public, and a constant, frank sharing of information with the policy making body and electorate

## CHAPTER EIGHTEEN

### LEGAL PROCEDURES

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IN ADMINISTRATIVE AFFAIRS, citizens and officials are constantly involved with regulations, orders, licenses, inspections, and other administrative devices. In the United States in particular, where the search has always been for "a government of laws" and not merely "a government of men," legal procedures pervade the whole administrative process. One political scientist has stated: "The real contribution of modern democracy is not in the development of new principles, or what the lawyer calls 'substantive' law, but rather in the development of 'procedural' law—the implementation of broad philosophical principles with concrete administrative machinery."<sup>1</sup> With the growth of government regulation of business and the increasing public responsibility of private enterprise, legal procedures have become as essential a part of business management as public management. These legal procedures are both limitations upon administration and instruments of effective management.

#### 1. ADMINISTRATION AND LAW

The primary problem is the position occupied by the lawyer in an administrative agency. An answer to this question as it relates to public administration is contained in the report issued in 1941 by

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<sup>1</sup> David M. Levitan: "Political Ends and Administrative Means." *Public Administration Review*, Autumn 1943, vol. 3, p. 356.

the President's Committee on Civil Service Improvement, headed by Supreme Court Justice Stanley Reed

**PRESIDENT'S COMMITTEE ON CIVIL SERVICE IMPROVEMENT**  
**'The Government's Lawyers'<sup>2</sup>**

We have been forcibly impressed by the pervasive role played by the lawyer in the administration of the American Government. Every branch of the Federal Government proceeds under specific statutory authority, and every statute and every executive action is subject to the limitations of the Constitution. There inevitably arise a swarm of legal problems around every officer charged with administrative responsibility. Legislation must be construed, proposed acts or regulations must be drafted, hearings must be held, legal opinions must be prepared, litigation must be conducted. The lawyer, in contrast with the ordinary professional employee of the Government, is inevitably thrown into the heart of the policy making process and of necessity has an important, and often a controlling voice in the major issues of his department or agency.

The legal staffs have a great variety of functions to perform, many of which require wholly different talents or capacities. Upon the shoulders of one attorney or another fall the diverse functions of legal research, negotiations with members of the public and other departments or agencies, opinion writing, investigative work, the preparation of briefs for litigation, the conduct of hearings, advice to administrative officers, the argument of cases in appellate courts, and the drafting of regulations and legislation. No man can have an aptitude for all of these functions, a good lawyer must be proficient in many.

Of perhaps greater importance is the fact that none of these duties is one which permits adequate performance by mechanical proficiency alone. To a greater or less degree, each task can be well done only if the attorney brings to its solution not only the techniques of his trade but also the imponderable qualities of imagination, judgment, and discrimination. We do not suggest that the legal profession stands alone in its dependence upon these qualities. But we do feel that the role of the lawyer in our Government places an extraordinary emphasis upon the need of these intangible abilities.

The pervasive role of the law and the lawyer has a distinct influence on the nature of the whole administrative process.

## 2 THE FUNCTION OF ADMINISTRATIVE ENFORCEMENT

The nature of the administrative process from the legal point of view was described in greater detail when the above report was issued.

<sup>2</sup> 'The Government's Lawyers' Report of President's Committee on Civil Service Improvement February 1941, 77th Cong., 1st Sess., House Document No. 118 p. 31

by the Attorney General's Committee on Administrative Procedure. The chairman of the latter committee was Dean Acheson, later Secretary of State; its director was Professor Walter Gellhorn of Columbia University Law School.

### ATTORNEY GENERAL'S COMMITTEE ON ADMINISTRATIVE PROCEDURE

#### "Some Characteristics of Administrative Agencies"<sup>3</sup>

Most administrative agencies are, of necessity, large organizations. For example, the Interstate Commerce Commission has a personnel of more than 2,500; the Securities and Exchange Commission, more than 1,200; the Social Security Board has some 9,000 employees in its Bureau of Old-Age and Survivors Insurance alone.

The Interstate Commerce Commission receives, analyzes, and files thousands of rate schedules, inspects thousands of locomotives and safety appliances, receives thousands of applications to be allowed to do, or to be excused from doing various things, receives complaints, conducts investigations. The work of the Social Security Board is even greater. It keeps literally millions of records, and will soon dispose of eight or nine hundred thousand claims a year. The Grain Standards Administration supervises over a million gradings of grain a year. These are perhaps striking illustrations, but they are not unrepresentative of the administrative field.

Whether an agency is establishing the records or making the decisions upon which claims will be paid, or regulating an industry, or enforcing standards of conduct which cut across industrial divisions, it is made up of a large number of people performing a variety of tasks which have to be coordinated, supervised, and directed toward fulfilling the functions prescribed by Congress. Out of this solid fact of size, in terms of personnel, flow many of the problems of internal organization and delegation of authority.

Every administrative agency is charged with administering or enforcing, in the field which Congress has marked out for it, provisions of law which affect private interests. To do this requires the investigation and decision of great numbers of particular cases. In most of these, resort may be had to formal proceedings with testimony of witnesses, stenographic record, briefs, arguments, and findings of fact or opinion. But despite the fact that formal procedure is generally available, it is of the utmost importance to understand the large part played by informal procedure in the administrative process. In the great majority of cases an investigation and a preliminary decision suffice to settle the matter. Comparatively few cases

<sup>3</sup> Attorney General's Committee on Administrative Procedure: "Some Characteristics of Administrative Agencies." *Final Report of Attorney General's Committee on Administrative Procedure*, 1941, adapted from pp. 18, 35.

flower into controversies in which the parties take conflicting positions of such moment to them that resort is necessary to the procedure of the courtroom

In the field of taxation, for example, the Treasury receives millions of income, estate, and gift tax returns each year—in 1939 7,600,000. Hundreds of thousands of adjustments are made in them. Yet in 1939 only 4,854 appeals were filed in the Board of Tax Appeals and 900 in the courts. In labor relations one might expect a high percentage of contested cases, yet in the first four years of its existence the National Labor Relations Board closed 12,227 unfair labor practice cases, in only eight percent of which were formal complaints issued and in only four percent of which were formal decisions made. The Interstate Commerce Commission over a period of ten years has arranged settlements in all but five of the 3,500 demurrage complaints filed with it. In the entire Department of Agriculture, which administers over a score of regulatory statutes, the total proceedings under all statutes which have gone to formal hearing have in the three years ended in June 1940, averaged 253 a year, and of these only 37 in the last year progressed to the stage of exceptions to the examiner's report.

Dean Paul H. Appleby epitomized these statistics when he stated "Administrators make thousands of such decisions to one made by the courts. They act with regard for what the courts have decided and would be likely to decide, of course, but in considerable degree the power of the courts over administration is a reserve power."<sup>4</sup>

### 3 DEVELOPMENT OF ADMINISTRATIVE RULE-MAKING

Legislative power over administration is also tending to become a "reserve power."<sup>5</sup> This tendency arises from the growth of rule making by administrative authorities, as described here by Professor James Hart of the University of Virginia:

JAMES HART

"The Exercise of Rule Making Power"<sup>6</sup>

In the simpler days of the agricultural era it was assumed that Congress would produce practically all the uniform rules required for the operation of Government. The statutes were expected to be concrete,

<sup>4</sup> Paul Appleby *Policy Making and Public Administration* p. 7

<sup>5</sup> *Ibid*

<sup>6</sup> James Hart 'The Exercise of Rule Making Power' President's Committee on Administrative Management *Administrative Management in the Government of the United States* 1937, adapted from pp. 323-322



specific, and detailed. This would reduce administration to a clerical function.

But never in the history of the Federal Government has practice completely conformed to this traditional conception. As early as 1794 Congress authorized President Washington, during its recess, to lay an embargo "Whenever, in his opinion, the public safety shall so require." The act continued: "And the President is hereby fully authorized to give all such orders to the officers of the United States, as may be necessary to carry the same into full effect." This was the broadest of the early delegations; but the fact remains that delegations of one sort or another have been scattered through subsequent history. They are no recent novelty in the Federal Government.

Delegation of rule-making powers reached maximums in four periods of emergency. The first was 1789-1815, the period when the United States was trying to defend its neutral trade against British orders in council and Napoleonic decrees. The second was 1861-75, the period of the Civil War and Reconstruction. The third was 1917-18, the period of participation in the World War. The fourth was 1933-35, the period of the New Deal attack upon the depression.

The necessity for exceptionally broad emergency delegations, however, should not obscure the general trend over many years in the direction of an increase in the number of rules and regulations issued by various Federal agencies in pursuance of delegated authority not connected with any emergency. The use of executive rules and regulations has, in fact, long since become a normal method of government.

At the center of the problem of administrative management in the Federal Government stands the rule-making power, and this for two reasons: First, there are no fewer than 115 Federal agencies that, under 964 statutory provisions and 71 Executive orders and proclamations, issue rules and regulations that affect the public. This means that rule-making constitutes no inconsiderable part of the total function of administration for the supervision of which the President is responsible to the people. Second, rule-making in the form of Executive orders is one of the principal techniques available to the President for the overall management not only of departmental rule-making but also of the service operations of the Executive Branch.

The rule-making powers of these 115 Federal agencies find their source in statutory delegations. Long experience teaches the unmistakable lesson that, in a complex and rapidly changing modern economy, delegated rule-making is an indispensable feature of governmental regulation. "Nearly everyone concedes," said the 1934 Report of the Special Committee on Administrative Law of the American Bar Association, "that the necessities of modern Government business require a certain amount of such delegation."

It is possible conservatively to go further. This trend is not even to be looked upon as a necessary evil. It is rather to be regarded as a normal

and, if properly safeguarded, highly desirable development of the American system. For rule making is a principal means by which, entirely within the framework of the Constitution as interpreted by the Supreme Court, the machinery of an eighteenth century Government has been adapted to the requirements of twentieth century governmental problems.

The rule of law demands that the basic policies of governmental regulation be embodied in statutes, but it does not demand that the Congress freeze into its statutes a mass of details. The ideal statute steers a middle course between the Scylla of attempting to anticipate every possible situation and the Charybdis of expressing no policy except that in an empty formula. It defines in general terms the policy that the administrator is to pursue, the objectives that he is to seek, and the limits within which he is to operate. It then authorizes him to translate that policy into more concrete terms before applying it to particular cases. In this view the rule-making power appears as a means of introducing the rule of law at the administrative level

Varying degrees of statutory delegation are apparent. Contrasting the Interstate Commerce Act with the Securities Exchange Act in this respect, James M. Landis pointed out: "Detailed regulative provisions encumber the Interstate Commerce Act. . . . Hardly a congressional session concludes which has not passed some amendment of a minor or major nature to the Interstate Commerce Act. The Securities Exchange Act presents a very different situation. There, with broad rule-making powers vested in the Commission, amendment becomes necessary only when the administration is faced with primary problems affecting its power."<sup>1</sup> Clearly, statute-making and rule-making are complementary, and the results are not always superior when there is a larger volume of the first.

#### 4. ADMINISTRATIVE TRIBUNALS AND COMMISSIONS

Just as administrative rule-making or delegated legislation overlaps with the purely legislative process, so do the traditional executive, legislative, and judicial processes merge in practice. This merger is especially apparent in the functions exercised by administrative commissions, boards, or tribunals. Sometimes these commissions are appointed to exercise fiscal staff services or other managerial functions. The civil service commissions and the planning boards of municipal, state, or Federal government exercise such staff functions. The more significant type of agency functioning in administrative

<sup>1</sup> James M. Landis *The Administrative Process* New Haven: Yale University Press, 1938, pp. 68-69

law is the commission possessing regulatory powers over major economic functions. This type of administrative commission has proven particularly useful in American administration (1) when the function it administers is new and is still controversial; (2) when the technique involved has not been developed to the point of permitting the delegation of the task to a single executive; and (3) when broad differences of opinions or interests are evident among the public, thus requiring a balancing of representative interests on a plural body rather than a single executive. The position of the administrative commission is here stated by Professors Merle Fainsod and Lincoln Gordon of Harvard University.

**MERLE FAINSOD AND LINCOLN GORDON**

**Government in the American Economy<sup>8</sup>**

No subtlety of analysis can classify every governmental action as uniquely legislative, administrative, or judicial. Administrators and judges invariably supplement legislation in applying statutes to particular cases. Adjudication is an element of all administration which touches private interests. The categories overlap in their very nature. In this connection, the outstanding innovation in governmental machinery is the administrative commission. Independent of the ordinary executive structure, endowed with security of tenure for substantial terms, and acting under broad grants of legislative authority, administrative commissions solve the dilemma of the separation of powers by performing the functions of all three traditional types. They serve as legislators in filling in the terms of general statutory standards, as administrators in actively promoting on behalf of the public the policies entrusted to them by Congress, and as judges in applying those policies to particular cases. This fusion of functions, together with the relative independence of the commissions from Presidential Control, has occasioned alarm in some quarters.

It is evident that in setting up independent agencies with staggered terms of five to seven years Congress hoped to introduce into administration, in these special fields, a degree of continuity of policy impossible under an all-embracing and unified system of Presidential responsibility. The influence of changes in public sentiment as reflected at the polls is not wholly destroyed; in this respect the independent commission stands midway between ordinary departments and the courts. The device produces in limited areas of the American administrative structure a continuity of service and policy comparable to that derived abroad from permanent tenure of high-ranking civil servants.

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<sup>8</sup> Merle Fainsod and Lincoln Gordon: *Government and the American Economy*. Adapted from pp. 53-54, 70. Reprinted by permission of W. W. Norton & Company, Inc. Copyright, 1941, W. W. Norton & Company, Inc.

Powerful administrative tribunals have appeared throughout history. The modern French system of administrative courts, for example, springs from a long background of experience with administrative tribunals.<sup>9</sup> Moreover, the merging of judicial and administrative duties is not new although in the past such functions have been assigned to courts rather than to administrative bodies. The administrative powers of justices of the peace and 'county courts' are vestiges of this system.<sup>10</sup> The British authority William A. Robson has pointed out that now, as in the past, 'there does not appear to be any conclusive test by means of which judicial activities can be infallibly distinguished from administrative activities'.<sup>11</sup>

## 5 ALTERNATIVE VIEWS TOWARD DELEGATED LEGISLATION

This overlapping of function, in the opinion of many authorities, is a danger. The nineteenth-century historian Barthold Niebuhr, announced that 'liberty depends incomparably more upon administration than upon the constitution'.<sup>12</sup> If the individual now depends more for his liberty and security upon the rule making of administrative officers and commissions than upon the law making of his representative legislative body, then democracy and freedom are in different hands indeed. Here we encounter two points of view. (a) One opinion was expressed by Gordon Hewart, who as Lord Chancellor believed the British administrative system had become a Frankenstein as a result of the development of administrative rule making. (b) The opposite point of view was presented by Congressman Sam Rayburn of Texas, later Speaker of the House of Representatives.

### (a) GORDON HEWART

#### The New Despotism<sup>13</sup>

Attention has already been directed to a statute of the year 1925 (the Rating and Valuation Act, 1925) which contained the egregious provision that the Minister might, if he thought fit, actually modify the provisions of the Act itself. That provision was piloted through both

<sup>9</sup> See for example John H. Mitchell *The Court of the Connétable* New Haven Yale University Press 1947.

<sup>10</sup> J. Roland Pennock *Administration and the Rule of Law* New York Farrar and Rinehart 1941 p. 23.

<sup>11</sup> William A. Robson *Justice and Administrative Law* London The Macmillan Company 1928 pp. 10-11.

<sup>12</sup> Quoted by Wilson *The Study of Administration* p. 211.

<sup>13</sup> Gordon Hewart *The New Despotism* Selected from pp. 53-55 57-58. Reprinted by permission of Ernest Benn Ltd. Copyright, 1929 Ernest Benn Ltd.

Houses of Parliament. But it did not escape remark. On the contrary, since it became law, it has on many occasions been the subject of criticism, not only in public speeches and writings, but also in the Law Courts.

It might have been thought that the amateurs of the new despotism, unless they regarded public opinion with complete indifference, and unless they were also satisfied that they could count upon perfect complaisance or utter inattention in both Houses of Parliament, would avoid, at any rate for a time, the repetition of that particular revelation of themselves. But what followed? In the early part of 1929 a new Local Government Bill was introduced which contained a clause (originally clause 111) in the following terms: "If any difficulty arises in connection with the application of this Act to any exceptional area, or in bringing into operation any of the provisions of this Act, the Minister may by order remove the difficulty, or make any appointment, or do any other thing which appears to him necessary for bringing the said provisions into operation, and any such order may modify the provisions of this Act so far as may appear to the Minister necessary or expedient for carrying the order into effect."

Here, then, was another proposal to enact that the Minister, if he thought it necessary, or even expedient, might by order "modify the provisions" of the enactment. A storm, or at least a sort of storm, arose, and the Minister found it expedient, or even necessary, to promise amendment. But the amendment, when it came, was something quite wonderful. After a good deal of criticism, the amended clause, polished and pruned, was added to the Bill, and emerged from the House of Commons, in the following form (the clause now being numbered 120): "If any difficulty arises in connection with the application of this Act to any exceptional area, or in bringing into operation any of the provisions of this Act, the Minister may make such order for removing the difficulty as he may judge necessary for that purpose, and any such order may modify the provisions of this Act."

The sequel is not without interest. When the measure reached the House of Lords, the first part of the clause, giving power to make orders modifying the provisions of the Act, was allowed to remain in the form in which it had come from the House of Commons. But the second part of the clause by the combined result of more than one amendment, was altered so as to read in the following way: "Every order made under this section shall come into operation upon the date specified therein in that behalf, but shall be laid before Parliament as soon as may be after it is made and shall cease to have effect upon the expiration of a period of three months from the date upon which it came into operation, unless at some time before the expiration of that period it has been approved by a resolution passed by each House of Parliament." It is in that form that the clause now appears as section 130 of the Local Government Act, 1929. From all of which it will be seen that the power to modify, by departmental order, the provisions of the Act, remains.

It may be observed that *The Times* in a leading article in its issue dated the 16th February 1929 said with reference to this clause, enabling the Minister by Order to modify the provisions of the statute "The true precedents, it has been pointed out, must be sought further back than 1888. They are the pretensions to the dispensing powers under the Stuarts and the Statute—obsequiously passed by both Houses—which declared that anything enacted by King Henry VIII, or by Order in Council should have the force of law

(b) SAM RAYBURN

Congress and Commissions"<sup>14</sup>

For some years, gradually and experimentally, the Congress has been wisely delimiting the field of effective legislative action. It has been confining itself more and more to laying down definite standards of legislative policy and leaving the detailed application of these standards to administrative agencies with technically equipped staffs. This procedure enables the Congress to debate broad matters of policy without being lost in a mass of technical detail. And it does not take from the Congress the power to amend or supplement legislation of this character at any time that it finds that legislation is not being applied and enforced in accordance with Congress' own understanding of its declared policy. Far from undermining the constitutional authority of the Congress, delegation of authority to administrative agencies is one of the surest safeguards. It is a procedure which conserves the vital powers of the Congress for vital matters. It removes rather than creates the danger of dictatorship by providing the means of making democracy work under the complex conditions of modern life.

The Interstate Commerce Commission is an agency of the Congress. The Interstate Commerce Commission does not perform any act that the Congress has not the power and the authority to perform itself. Members of Congress are too busy with other duties, among them fixing great legislative policies, to take the time to go into finer technicalities of a rate structure or granting the right to a railroad to issue new securities, whether in the form of stocks or bonds. Congress therefore delegated this authority to a commission of eleven men with trained experts to work out the details for them. The same might be truly said of every board and every other commission formed in the government.

Legislation does not spring full grown from the head of Zeus. Legislative ideas may come from some unknown administrator keenly conscious of his own bureau's inability to meet legitimate demands made upon it. But a legislative program requires technical competence to insure

<sup>14</sup> Sam Rayburn, *Congress and Commissions*. Address at Dallas, Texas, December 10, 1941. Quoted by Paul H. Appleby, *Big Democracy*, pp. 160-61. Reprinted by permission of Alfred A. Knopf. Copyright, 1945, Alfred A. Knopf.

that its objective is effectively accomplished. A great national legislature cannot safely rely upon the technical assistance and advice which private interests, sometimes selfishly and sometimes unselfishly, are willing to provide.



Lord Hewart precipitated a further parliamentary investigation,<sup>15</sup> but delegated legislation in *England*, like administrative rule-making in the United States, continued to flourish.

## 6. THE PROBLEM OF THE ADMINISTRATIVE COMMISSION

Nevertheless, mounting criticism of both delegated legislation and administrative adjudication came from lawyers, economists, businessmen, political scientists, and public officials. A critical analysis of the subject by Professor Robert F. Cushman of Cornell University was also published in the report of President Roosevelt's Committee on Administrative Management.

ROBERT E. CUSHMAN

### "The Problem of the Independent Regulatory Commissions"<sup>16</sup>

The first danger to the neutrality of the independent commission lies in the fact that it must combine its judicial work with work of policy-determination. Courts protect themselves by refusing to do nonjudicial work. The independent commissions cannot so protect themselves. They must add to the duties of the judge those of the law-maker and the administrator. This is not inadvertent or accidental; it is inherent and inescapable. It is true that the commissions have some duties that are pretty clearly legislative, some that are purely administrative, and others that are quite definitely judicial. These may be separate and distinct. But the vast bulk of the duties given to independent commissions are "mixed" functions. They contain, in varying degrees, the qualities that are associated with legislation, administration, and adjudication. The best example of a "mixed" function is the application by an administrative body of "standards" to the conduct of individuals or business. The method is to incorporate in a statute a "standard" that is to be applied by the commission to concrete cases. "Unfair competitive trade practices" is such a standard; "just and reasonable rate" is another. The application of such a standard is an interesting process by which the commission at the same time de-

<sup>15</sup> Report of the Committee on Ministers Powers, 1932, Cmd. 4060.

<sup>16</sup> Robert E. Cushman: "The Problem of the Independent Regulatory Commissions." President's Committee on Administrative Management: *Administrative Management in the Government of the United States*, 1937, selected from pp. 222-23.

termines policy and prosecutes violations of that policy. It is performing in the same act the duties of lawmaker, prosecutor, and judge.

This merging in the commission's work of elements that are discretionary with elements that are judicial subjects the commission to pressures from many sources. It is not objectionable to try to influence policy by honest and open methods. But when policies are being determined by a body also doing judicial work, it is impossible to influence policy without danger of demoralizing the impartiality of the judge. In most of the cases in which "pressure" has been brought to bear on the independent commission the purpose has been to influence the discretion of the commission rather than the judicial part of its duty. On occasion the President has exerted pressure when the commission's policies have impinged upon his own. Private interests have exerted pressure, sometimes directly, sometimes through the intervention of members of Congress, and this pressure has not always been confined to commission policy but has sometimes sought to influence adjudication. The commissions are being asked to perform judicial tasks interwoven with determinations of policy which at times are the subjects of acute partisan controversy or economic class antagonisms. This is not the atmosphere in which the rights of individuals ought to be judged. It is a vital and inherent weakness of the independent commission system that it makes this necessary.

A second danger to the neutrality of the independent commission lies in the fact that in handling some of its most important work it acts both as prosecutor and as judge. This not only undermines judicial fairness, it weakens public confidence in that fairness. This unfortunate situation exists in the work of the Federal Trade Commission. An important part of the Commission's job is to ferret out unfair competitive trade practices and issue cease-and-desist orders against them. There is a first stage in the proceeding in which the Commission, with the aid of its staff, makes an investigation and draws up a complaint. The second stage is a formal hearing before the Commission in which it decides whether the charges in the complaint have been proved and either issues a cease-and-desist order or dismisses the action. The temptation for the Commission to decide that it has proved its own case must be very strong, and the business man not unnaturally resents having his rights settled by an "interested" tribunal. One of the reasons why the Supreme Court paid such scant respect to the Commission's findings of fact is because the records showed a disposition in many of the Commission's cases to "build up" a record that would support its orders.

This double role of prosecutor and judge is played by the Federal Communications Commission in deciding whether to renew a broadcasting station license. Refusal to renew such a license is not a criminal penalty, but may be much more serious to the station owner. Here again the proceeding that may result in denying a license is conducted by the Commission in the role of investigator. Later the Commission decides



whether it has made out a good enough case to justify refusing to renew the license.

It appears, therefore, that the independent commission, as an institution or technique, obstructs effective administrative management by giving important policy-determining functions to independent bodies. It also appears that this same combination of functions imperils the judicial neutrality of the commissions. It appears further that the difficulty is inherent, since the same functions are at once policy-determining and judicial.

These dangers seem to point to the need for procedural guarantees, and it is this approach that the critics of the administrative process have pursued.

## 7. REFORM OF THE ADMINISTRATIVE PROCESS

The answer has been again to "judicialize" the administrative process, as described below by Professor Vincent M. Barnett, Chairman of the Department of Political Science at Williams College.

VINCENT M. BARNETT, JR.

### "Judicialization of the Administrative Process"<sup>17</sup>

The attempt to "judicialize" the administrative process proceeds on the assumption that all administrative actions are really "legislative" or "judicial" in character, that all actions can thus be placed by definition into one or the other of these categories, and that the formal procedures by which these actions are taken can be made in general to conform to the familiar pattern of adversary justice characteristic of a court of law. Out of the mass of literature on this subject, two major criticisms of the administrative process have been repeated again and again: that, so far as the public is concerned, the process is secret, mysterious, unstandardized, and unknowable; and that, so far as individual determinations are concerned, the procedures in many instances do not guarantee the minimum fundamentals of fairness and justice. The Federal Register Act of 1935 was aimed at partially correcting the first; the federal courts were to be relied upon to assure the second under a broad interpretation of the requirements of "due process of law."

Under the close surveillance of special committees on administrative law of the American Bar Association, beginning as early as 1933,

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<sup>17</sup> Vincent M. Barnett, Jr.: "Judicialization of the Administrative Process." Adapted from *Public Administration Review*, Spring 1948, vol. 8, pp. 126-27. Reprinted by permission.

these safeguards were discovered to be insufficient. The flow of information in the Federal Register was found to be less than completely enlightening. And the trend of federal court decisions, especially Supreme Court decisions, since 1937 was deemed to indicate an undue deference to administrative determinations in both their procedural and substantive aspects. Under these circumstances, renewed efforts were made to correct the alleged mystery and irresponsibility of the regulatory agencies through additional legislation. The American Bar Association sponsored legislation which took the form of the Walter Logan bill, passed by both houses of Congress in 1940 but vetoed by the President. In 1944 the same group returned to the problem by submitting another bill, upon which no action was taken. With some revisions, a similar measure was introduced in 1945 as the McCarran-Sumners bill and emerged eventually as the Administrative Procedure Act, signed by the President in June, 1946.

A vital question for all those interested in administration is the extent to which this act will reshape administrative procedures and affect the efficiency, speed, and fairness of the administrative process.

Whether the Administrative Procedure Act represented a permanent step in the direction of legal formalism in the administrative process or whether it was merely a part of the immediate post war reaction against "governmentalization" remains to be seen. Meanwhile, a "model state administrative procedure act" was drafted and adopted in some states, although there was admittedly little or no "public agitation on the matter" at this level.<sup>18</sup>

## 8 CONSEQUENCES OF JUDICIALIZATION OF THE ADMINISTRATIVE PROCESS

What are the results of subjecting administrative decision making to a greater degree of procedural formalism? Two years after the passage of the Administrative Procedure Act, Frederick F. Blachly and Miriam E. Oatman, Federal consultants and staff members of the Brookings Institution who had long been associated in research in public law and administration, made the following analysis and prediction:

**FREDERICK F. BLACHLY AND MIRIAM E. OATMAN**

"Sabotage of the Administrative Process"<sup>19</sup>

The Administrative Procedure Act [of 1946] makes important changes in every basic factor of the administrative process: organization

<sup>18</sup> State of Alabama Legislative Reference Service. Quasi-Legislative and Quasi-Judicial Functions of Alabama State Administrative Agencies. June 8, 1946.

<sup>19</sup> Frederick F. Blachly and Miriam E. Oatman. "Sabotage of the Administrative Process." *Public Administration Review* Summer 1946, vol. 6, selected from pp. 218-20, 223-24, 226-27. Reprinted by permission.

and relationships, procedure, forms of action, enforcement methods, sanctions, and review and controls. The chief changes in organization and relationships affect the relationships of the hearing officers to the administrative authorities and the relationships of the administrative authorities (and the President of the United States) to the courts.

In effect, the act removes hearing officers from their former position as agents of the administrative authorities and gives them much of the status of judicial officers. It does so by providing: (a) that their compensation is to be set by the Civil Service Commission, rather than by the agency; (b) that they may not be subject to the direction or supervision of any officer, employee, or agent engaged in the performance of investigative or prosecuting functions of the agency; (c) that they shall perform no duties except the duty of examination; (d) that no hearing officer shall consult any person or party on any fact in issue unless upon notice and full opportunity for all parties to participate; (e) that, subject to certain exceptions, the same officer who presides at the reception of evidence shall make the recommended or initial decision; (f) that a hearing officer shall withdraw from a case if he feels himself disqualified; and (g) that hearing officers may be removed only for good cause, after trial before the Civil Service Commission, according to the rules of procedure laid down by the act.

The act appears to assume that practically all administrative hearings, except those of an *ex parte* type, are judicial in nature and are concerned with prosecution by the government—and, consequently, should be held before a person who has all the attributes and protections of a judge. It overlooks the fact that the hearing officer, unlike a judge, is not a final determining authority, but is merely securing by a judicialized procedure the information upon which the responsible administrative authority is to act. The function of making administrative determinations is in only a few instances judicial in nature. Such instances are: the issuing of cease and desist orders; the issuing of other disciplinary orders, such as the refusal, suspension, or revocation of a license, or the refusal to renew a license or like authorization, for cause; or the making of a reparation award.

There is no genuine judicial determination of the rights of adverse parties, despite the fact that there may be a judicialized procedure, when an agency holds hearings before issuing rules and regulations. In none of these cases is the administrative authority itself acting in the position of a court, nor are its subordinates acting as judges in assisting it to obtain information. Both agency and subordinates are acting in a legislative capacity, as agents of Congress itself. The fact that the information upon which they act is obtained by a proceeding rather judicial in form does not make them judicial authorities. They remain administrative authorities obtaining information so that they may make the best use of their discretionary powers. Further, to judicialize this process will involve not only great expense but also faulty organization and ineffective opera-

tion by the authorities charged with protecting the public welfare by carrying out the laws. The most significant thing in respect to these acts which are defined as rules is the fact that the procedure in respect to them is exactly the same as for true administrative adjudication—a determination on the record after opportunity for an agency hearing. "In other words, the so-called rule-making function is subjected to the same procedural requirements as is the adjudicatory function."

One of the most far reaching and harmful effects of the new law results from the changes in the established forms of administrative action. The act places all activities of governmental agencies, other than a few especially excepted, into two classes: (1) the rule and (2) the order. According to the act: "Rule" means the whole or any part of any agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or to describe the organization, procedure, or practice requirements of any agency. There are thus lumped together as rules not only substantive rules and regulations implementing and supplementing the law, but statements of organization, administrative interpretations, and many actions which formerly were taken by the order. Instead of confining the use of the order, as has been customary, to situations where the government forces, compels, withholds, punishes, or otherwise takes compulsory action, the new law enlarges its scope in a seemingly haphazard way to include even situations where the government acts in a favorable way toward the individual, as in granting pensions, lending money, giving benefits, granting subsidies, providing insurance, making party payments, granting permits, and so on. At the same time the fixing of wage and rate schedules is defined as a rule or regulation. The purpose of the changes, in addition to a desire for simplification which has resulted in a wild confusion of categories, was obviously to extend to its utmost boundaries the subject matter of judicial review. The Administrative Procedure Act, [is] based upon the desire of lawyers to have the maximum opportunity to participate in the process of administration—to block administrative action, and to subject the administrative process to judicial methods and judicial controls at every point. The cost to the taxpayer of this new system will be great, the confusion and uncertainty that will result will be enormous, the benefits to the individual (other than the law breaker) will be a minus quantity.

Two rays of hope shine through this darkness. The first is the hope that when Congress understands the act and its implications, as certainly was not the case when it passed the bill without hearings, it will either repeal the law or make drastic amendments. It should be the function of political scientists, students of public administration, and all persons interested in sound administration to see that Congress is urged to take such action. The second hope for the further development of the administrative process along sane and scientific lines is that the courts, which have the final word in such matters as judicial review, will adhere

to the distinctions that they have always stated to be constitutionally controlling in taking or refusing to take jurisdiction.

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 Professor Barnett's later studies confirmed some of these fears. Two years after the Blachly and Oatman analysis, Barnett wrote: "There is much exaggeration in the literature on both sides as to the effect of the act. It does not deserve to be called 'the Magna Carta of administrative law' any more than it is accurately described as a 'legislative strait-jacket' for the administrative process. On balance, despite some desirable results, it is in tone and intent an unfortunate piece of legislation. . . . There is a vast amount of confusion, even among able and experienced lawyers here represented, as to just what the act means in many of its most important provisions. . . . There is little question that the act is basically anachronistic in spirit and intent, if not in effect."²⁰

9. ADMINISTRATIVE PROBLEMS WITHIN THE COURTS

Lawyers and judges have had to face so much criticism regarding the administration of their own household that some critics have wondered at their willingness to assume the added burden of administrative judicialization. In his basic work on the *Principles of Judicial Administration*, W. F. Willoughby concluded in 1929 that "of all branches of public administration that of the administration of the law is the most defective."²¹ The problem of judicial administration has been not only to reform the serious defects of judicial procedure and legal practice which obstruct individual justice, but also to apply the standard procedures of American management by efficiently executing services to the public. Roscoe Pound, former Dean of the Harvard Law School and father of the American concept of "sociological jurisprudence,"²² criticised judicial administration as seriously as he did administrative adjudication. In 1940 he indicted American judicial development in the following terms: "Looking at the system as a whole, as it stood in the last century, the conspicuous defects are waste of judicial power, waste of time and money of litigants and public time and money because of hard and fast jurisdictional lines ill defined and frequently changed before judicial

²⁰ Barnett: "Judicialization of the Administrative Process," p. 133.

²¹ W. F. Willoughby: *Principles of Judicial Administration*. Washington: Brookings Institution; 1929, p. 3.

²² Roscoe Pound: "Need for a Sociological Jurisprudence." *The Greenbag*, October 1907, vol. 19, pp. 607-15. Julius Stone: *The Province and Function of Law*. Sydney, Australia: Associated General Publications, 1946, Chapter 17.

decision could draw clear bounds, hard and fast terms raising unnecessary technical questions and wasting the time of the courts, piece meal handling of single controversies simultaneously in different courts, and general want of cooperation between court and court and judge and judge in the same court for want of any real administrative head²³

The problem continues although experimental reforms have been in evidence since the beginning of the century. At the local level, a beginning was made in 1906 with the establishment of the consolidated Municipal Court of Chicago²⁴. At the state level, the judicial council movement has flourished since the 1920's and has furnished a slight element of management in state court administration²⁵. Beginning in the 1930's the Federal courts became cognizant of their administrative problem as shown below by (a) Judge William Denman, a judge of the United States Circuit Court, who had had extensive administrative experience during his career as a municipal reformer in San Francisco and as World War I chief of the United States Shipping Board and Emergency Fleet Corporation, and (b) Henry P. Chandler, who had observed the experiments and failures of municipal judicial reconstruction²⁶ while he was a Chicago attorney, and who later became the first Director of the Administrative Office of the United States Courts.

(a) JUDGE WILLIAM DENMAN

"Critical Study of United States Trial Courts"²⁷

It is a proper analogy with industry to regard the court as a processing plant and the judges as its machines. On one side is stored the raw material of the evidence. This deteriorates rapidly as memory fades, witnesses disperse, and real exhibits are lost. On the other side is an intense consumer demand for the machine's product, that is, for justice. As an industrial processing the product of the judicial mechanism is defective where made from deteriorated and decaying raw material. Also, as in the industrial process, where the machine is overloaded the product is defective. Often the consumer is compelled to take this product, since the cost of claim and rejection technically called "appeal," is beyond his means.

²³ Roscoe Pound *Organization of Courts* Boston: Little Brown and Company 1940 pp. 251-2.

²⁴ Hiram T. Gilbert *The Municipal Court of Chicago* Chicago, 1928.

²⁵ Pound *Organization of Courts* p. 290.

²⁶ Albert Lepawsky *The Judicial System of Metropolitan Chicago* Chicago: The University of Chicago Press 1932.

²⁷ Judge William Denman *Critical Study of United States Trial Courts* *Journal of the American Judicature Society* December 1937 vol. 21, selected from pp. 117-19. Reprinted by permission.

There are other pertinent analogies, such as the malingering of the workers and the sapping of the court's and client's time in stipulations for continuances by laggard attorneys. In theory they are officers under the command of the court, but the exercise of that command, in compelling the prompt preparation of the material, that is in getting the cases at issue, is so neglected by the commander that the function seems completely atrophied.

These evils arise primarily from the failure to supply judges commensurate in number with the rapid increase in federal litigation and the complete absence of modern management of the huge federal judicial enterprise. Few realize the size of the federal judicial establishment. There are 85 district courts scattered over the 48 states and the District of Columbia. They have upward of 145 district judges. Above them are ten circuit courts of appeals and the Court of Appeals of the District of Columbia, having altogether 44 circuit judges. In the fiscal year 1936, that is long after prohibition litigation had ceased, there were filed upward of 78,000 cases in the lower courts, 78,000 in one year, exclusive of bankruptcies. In that year in the circuit courts of appeals upward of 3,520 cases were docketed. That is so vast a business that its regulation would challenge any administrator's constant daily effort in its management.

The constitutionally coordinate power of the judiciary with the legislature and executive and the majesty of the judicial function in society are extolled by passionate orators within and without the congress. Yet it is not only without any management commensurate with our industrial genius, but has no continuous management at all. Like any other unmanaged enterprise, public or private, it has become bankrupt in its failure to meet its obligation of prompt justice.

(b) HENRY P. CHANDLER

"The Place of the Administrative Office in the Federal Court System"²⁸

There were two principal aims in the creation of the Administrative Office of the United States Courts. First, there was a purpose to put the business management of the courts in an officer of their own choosing instead of in the Department of Justice where it had been. It was thought to be inappropriate that the federal courts should have to look to the Attorney General, representing the Government of the United States which is the principal litigant before them, for the material means essential to their existence. The second purpose in the creation of the Administrative Office was to furnish the courts, as already indicated, with a source of information and statistics concerning the state of their business.

²⁸ Henry P. Chandler: "The Place of the Administrative Office in the Federal Court System." *Cornell Law Quarterly*, April 1942, vol. 27, selected from pp. 364-67, 369-71. Reprinted by permission.

The detailed provisions of the statute spring from these objectives. The Act creates an establishment to be known as the Administrative Office of the United States Courts and provides for a Director and Assistant Director who shall be appointed by the Supreme Court and hold office during the pleasure of the court. The office is organized at present under four divisions: the Division of Business Administration, the Division of Procedural Studies and Statistics, the Division of Probation and the Division of Bankruptcy. It is the object of the Division of Business Administration to furnish the courts with all the facilities possible in the way of material and assisting personnel for the efficient handling of their work. The office is concerned with the quarters for the courts.

The Division of Procedural Studies and Statistics is the part of the office which is directly concerned with gathering information concerning the work of the courts and making recommendations looking toward increased efficiency and expedition in the disposition of the cases. This division compiles and reports statistics and supplements them by visits to the courts and observation of their methods on the ground. It is called upon from time to time to make studies of different phases of judicial administration for the courts. Matters which have received such study are the system of jury selection, the use of pre-trial procedure in the federal courts and the provisions for reporting court proceedings in the various states.

General supervision of the fiscal matters of probation officers including the regulation of their salaries within the appropriations and other applicable statutes falls upon the Administrative Office. The probation officers are appointed by the judges of the courts which they serve and their primary responsibility is to the judges. The Administrative Office is often consulted by judges with reference to persons whom they are considering for appointment as probation officers and the office endeavors in all appropriate ways to suggest the importance for the success of the service of appointing only persons who are specially qualified. In connection with the auditing of accounts of officers of the courts and the visits to the courts the Administrative Office is concerned with the bankruptcy administration. The importance of the bankruptcy proceedings in the work of the federal courts affecting as they do the welfare of large numbers of investors and the public generally warrants the establishment of a bankruptcy division in the Administrative Office.

These are strong beginnings. By Federal example or even Federal aid the earlier reforms in local and state judicial administration may be restimulated. But critics of judicial administration still fear with Dean Pound that there is danger that, whereas but yesterday the courts played the chief role in the practical conduct of affairs tomorrow, there will be nothing of any real moment left to them.

These leaders feel that a major need "is a business organization and a *business administration* of all the courts."²⁹ In this reform administration may be able to accomplish more for adjudication than judicialization has done for administration.

10. THE LAWYER'S ROLE IN PUBLIC ADMINISTRATION

The rapprochement of judicial and administrative tribunals may in the last analysis depend upon the changing role of the individual lawyer in relation to management. What has been and what should be the attorney's position in a typical administrative agency, public or private? An interesting analysis and answer has been offered by Philip M. Glick, a student of legal theory and public affairs, and a civil servant who has served as the general counsel of Federal agencies in agriculture, housing, and international affairs.

PHILIP M. GLICK

"The Role of the Lawyer in Management"³⁰

What role should lawyers play in management? The question is particularly urgent in the field of public administration, although our conclusions should be applicable to the parallel problem facing management in a private enterprise. We may, therefore, for present purposes, rephrase our initial question, to ask: What role should the lawyer play in a Government agency?

The work of the lawyer in an operating Government agency may, from the point of view of the immediate administrative tasks involved, be classified into three major types of activity. He will be called upon, first, to interpret the statutes which the agency is administering. Questions will arise daily as to the scope of the authority granted to the administrator, the situations to which the law is intended to apply, the precise boundaries of the limitations or procedural requirements the statutes may contain. A second activity will be the preparation of legal instruments of various sorts: contracts, deeds and leases, administrative orders, regulations and notices, bills to amend the statutes under which operations are being carried on. A third activity will be the conduct of litigation in which the agency is involved. The three types of activity have a characteristic in common which it is important to note. In pursuing each of them, the

²⁹ Arthur F. Kingdom: "Outline for a Single Court with Jurisdiction Extended to So-Called Administrative Law." *Journal of the American Judicature Society*, June 1940, vol. 24, pp. 11, 16.

³⁰ Philip M. Glick: "The Role of the Lawyer in Management." *Advanced Management*, April, May, June, 1940, vol. 5, selected from pp. 68-71, 85. Reprinted by permission.

lawyer is performing a single important job. He is trying to anticipate the decisions of judges.

Since as long ago as the fifth century B.C., in ancient Greece, two major theories of the nature of the legal and judicial process have been contending for acceptance. The theory that came to receive rather general acceptance during the development of the Roman Empire, and has continued to be the dominant view until relatively recent times, is the view that the law is a body of interrelated fundamental principles and rules which are firmly rooted in the nature of things. The law, this view maintains, is organically related to the eternal principles of "natural law." It is in a significant sense self-contained, in that it is independent of the changing foibles and biases and wishes of the generations of men. It is implicit in this view of the nature of the legal process that lawyers and judges are the instruments rather than the creators of the law. When a judge decides a case it is not he that speaks but the law that speaks through his mouth. In a particular case the decision of a court may seem harsh but, it will be said, "the law is the law." Better to endure specific instances of hardship and some injustices than to destroy the authority of the law.

At least from the days of the Stoics a contrary view of the law has been persistently maintained. This is the view that found relatively recent expression in Mr. Justice Holmes' denial that the common law is 'a brooding omnipresence in the sky.' When the present Chief Justice of the United States [Justice Hughes] was Governor of New York he said,

"We are under a Constitution but the Constitution is what the judges say it is." The layman has recently become even more ready than the lawyer to accept this second view of the law, and George Kaufman and Moss Hart have expressed the layman's view in their musical comedy 'Of Thee I Sing' when the nine Supreme Court Judges are made to announce, "We have powers that are positively regal, Only we can take a law and make it legal." This second view—sometimes referred to as the position of the judicial realists or of sociological jurisprudence—maintains that lawyers and judges have an important creative part that they have always played and must inescapably play in the functioning of the law. When the judge decides a case, under this view, he makes law.

Must we conclude, however, that there is, therefore, no law except the varying, shifting whims and fancies of individual judges and lawyers? No one who has carefully read a competently drafted legal opinion or listened to the presentation of arguments before an appellate court can satisfy himself that this is so. Lawyers and judges are trained in a legal discipline. They are the practitioners of a set of techniques. They are sharers in an historic tradition. It is this tradition, these techniques, this discipline that provides the compelling framework of the law. Principles of growth, of adaptation and change, are themselves parts of the discipline and the tradition. Lawyers and judges, as the specialized car-

riers of an important part of the total culture pattern, pass on from one generation to the next the body of the law, and in the act of passing it on, reinterpret, refashion, recreate it, so it may continue to be an effective, living part of the ever-changing culture of an ever-changing society.

This brings us directly to the question of the finality which should attach to the opinions and judgments of the legal officers. If the classical position were strictly adhered to it would seem to follow that when the responsible law officer has stated that the statute does not permit action A, requires action B, or in another situation permits choice only between actions C and D, then the administrative officer has no alternative but to act accordingly. If it is the law that speaks through the mouths of lawyers, how can an administrative officer disregard or overrule the oracle of the law? The generally established, and sound, theory of relationship is, however, that the lawyer is an advisory officer to the administrator. He expresses his judgment as to what the courts will probably decide in a given situation. It is for the administrative officer then to determine on his administrative responsibility what action should be taken. To make the judgments of the legal office conclusive upon the administrator is in essence to transfer the ultimate administrative power from the administrator to the lawyer. Such a transfer cannot be justified if the administrator is to retain responsibility for the quality of performance.

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Most lawyers and some political scientists would probably take issue with Glick. Law to them is a test and touchstone, not a technique and instrument, of administration; and lawyers are the guardians of this tradition.<sup>81</sup> In the light of the strengthening role of management, it is not certain, however, that their view will prevail. A large number of American administrators belong to the school of legal realism and prefer to apply utilitarian and humanitarian considerations along with the precedent and procedure of pure law.<sup>82</sup> In this respect they seem to have the political support of a pragmatically minded American public. These administrators and managers are not anti-legal; as administrative officials or as business executives they cannot afford to be. They are rather a-legal, preferring to temper legal provisions within a framework of administrative convenience. Many managers know the practice, if they do not use it, of maintaining a staff of both "hot-running" and "cold-running" lawyers; that is, lawyers who always conclude "it can be done" and those who always conclude "it is impossible." The managers assign their controversial problems to either group, depending on the conclusion they already favor.

<sup>81</sup> Fritz Morstein Marx: "The Lawyer's Role in Public Administration." *Yale Law Journal*, April 1946, vol. 55, pp. 498-526. Marx also questions the prevailing opinion.

<sup>82</sup> Waldo: *The Administrative State*, p. 78.

## SUMMARY

Legal procedures constitute another instrument of management. Law pervades the executive process, and administrators are constantly applying laws. But lawyers sometimes dictate to managers in both government and industry, and although the administrative process does not, and need not, always follow legal and formal procedures, such procedures are often insisted upon by some lawyers, their clients, ordinary citizens, and special groups. Constant pressure to convert administrative procedures into more purely legal procedures, to formalize administrative rule-making, and to judicialize administrative decision-making is always on hand. Such legalisms have, for example, been the object of the Federal Administrative Procedure Act of 1944. The act subjects administrative tribunals, departments, and officers to legal procedures which have probably done more harm to public justice and less good to private rights than the previously evolving system of administrative enforcement. In business administration, the Administrative Procedure Act is not applicable, but the same issue may be expressed there in the form of a domineering legal staff. The problem is not always solved by management's selective use of the so-called "hot and cold-running" lawyers.

In government the problem has become more intense with the growth of powerful administrative commissions exercising quasi-legislative and quasi-judicial powers. Exercising even greater discretionary powers of administrative enforcement than normal administrative departments, and proceeding by methods that are frequently strange to the bench and bar, these administrative tribunals have excited the suspicions of both lawyer-dominated legislatures which create the tribunals and procedure-conscious courts which hear their appeals.

Are administrative rule-making and administrative adjudication distinct dangers to substantive public justice? Are they threats to procedural guarantees in individual cases? A large group of lawyers and business men think they are, while public administrators generally lean in the other direction, although the latter admit the defects of administrative procedures in individual cases. Some administrators go further, and, viewing the overall contribution of administrative tribunals, point out that members of administrative commissions generally tend to represent the interest of their special publics rather than the interests of the general public; that, in any case, they subject themselves to the restrictions of legal procedures since they decide matters "on the record" in private cases more than they do "on the findings" in comprehensive public investigations;

and that on balance they neglect their statutory responsibility for the public interest more often than they violate private guarantees in particular proceedings.

Nevertheless, legal procedures by either administrators or administrative tribunals cannot be dismissed as a merely opportunistic technique. They constitute a fundamental instrument of responsible management which supplements other management controls like the budget. The main problem revolves about the ability of the manager to use the lawyer without being abused by the law, and the willingness of the lawyer to serve rather than supplant responsible leadership and modern management. The lawyer may be ready to serve effectively if he learns to place jurisprudence in proper relation to other recognized disciplines of society, such as the social sciences, which include the administrative sciences; and to recognize legal procedures as only one class of procedures whereby a society and its institutions can be managed. Many other administrative practices and management procedures supplement the law. To these we now turn in the next chapter.

### MANAGEMENT PRACTICES

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EVERY INSTITUTION HAS, besides a body of legal procedures imposed by superior authority, an individual set of management procedures or practices. Without these internal procedures, the work program bogs down, with its operations unsystematized. Yet few phases of modern management incur more popular disapproval. Even able administrators sometimes regard procedures as a form of managerial ngmarole and often avoid discussion of the subject. Most administrators, however, are aware that effective management is contingent upon systematic procedure. As E. J. Coil has pointed out, we find in modern management 'no all-wise, inner voice which tells each individual what he should do and when. Rather the interrelationships between specialized activities must be established by designing arrangements, preparing schedules, issuing instructions, interpreting duties, and checking performance.'<sup>1</sup> Dreary though these details may be, they constitute one of the most essential techniques of management.

#### 1 THE IMPORTANCE OF PROCEDURE IN MANAGEMENT

Although a critic of formalism in the administrative process,<sup>2</sup> Professor Dwight Waldo here defends the importance of procedure in administration.

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<sup>1</sup> Coil, *Administrative Organization for Policy Planning* p. 11.

<sup>2</sup> See Chapter 5.

## C. DWIGHT WALDO

"Government by Procedure"<sup>3</sup>

It is procedure that governs the routine internal and external relationships—between one individual and another; between one organizational unit and another; between one process and another; between one skill or technique and another; between one function and another; between one place and another; between the organization and the public; and between all combinations and permutations of these. It is by means of procedure that the day-to-day work of government is done—mail sorted, routed and delivered; deeds recorded; accounts audited; cases prosecuted; protests heard; food inspected; budgets reviewed; tax returns verified; data collected; supplies purchased; property assessed; inquiries answered; orders issued; investigations made; and so forth endlessly.

Procedure, properly applied, allows specialization to be carried to its optimum degree and effects the most efficient division of labor. Procedure not only divides labor; it also divides—and fixes—responsibility. Procedure thus is a means of maintaining order and of achieving regularity, continuity, predictability, control, and accountability. It is a means of maximizing control of the subjective drives of an organization's members, of assuring that their official actions contribute—and, if possible, that their private loyalties conform—to the organization's objectives. From a general political angle, procedure ensures equality of treatment—a value of great significance to the citizen.

Procedure is not a unique feature of public administration. It is a concomitant of all organized activity, and many procedures are equally usable by private administration or public administration. Private as well as public "red tape" can be time-consuming and annoying to those affected, as anyone can testify who has tried to exchange a purchase without a sales slip or to cash a check without "proper identification."

Frequently the duty of formulating and perfecting procedures is delegated to a special managerial staff established for that purpose. Specialists in procedure and protocol are as old as organized society itself. Procedure is what Confucius had in mind when he advised ancient Chinese administrators: "As to matter of bowls and dishes leave such things to those who are charged with the care of them."<sup>4</sup>

Students of modern scientific management have been particularly insistent upon the specialized and virtually independent position that should be assigned to those administrators responsible for procedure. At the height of the scientific management movement in

<sup>3</sup> C. Dwight Waldo: "Government by Procedure." *Elements of Public Administration*, Fritz Morstein Marx, ed. pp. 381-82. Reprinted by permission of Prentice-Hall, Inc. Copyright, 1946, Prentice-Hall, Inc.

<sup>4</sup> Confucius: *Analecbs*, Book VIII.

1914 American railway managers explained "The experience necessary to lay down these lines [or procedural directions] is, contrary to the common belief, quite distinct from that necessary to pass upon the subject matter of all directions. The phases of all such directions are much alike as are the principal phases of all organizations. This is almost incomprehensible to those whose chief study has been that of the subject matter, but it is nevertheless true. The specialist in this work, therefore, finds much less difficulty in devising a proper routine for almost any business than the specialist in any one line would find in devising a routine for the business with which he is most familiar."<sup>5</sup>

Under different titles in business and government, such special staffs dealing with procedures and methods have been widely established. In the United States Bureau of the Budget, for example, the Management Improvement Branch of the Administrative Management Division concentrates on the improvement of management practices in the executive departments and agencies.

## 2 ROUTINE AND MECHANIZATION

The constant tendency to rationalize business or systematize society 'has progressively transferred individual discretions to mechanizations, some of them routines, some of them machines'.<sup>6</sup> The mechanical aspect is the more dramatic. Most critics believe that nowhere has the process of mechanizing management procedure moved faster than in America, but other countries are following close behind. Here is the report of a British postal executive, Myra Curtis, following her search for the newer forms of managerial mechanics in the United States.

### MYRA CURTIS

#### *"American Office Management"*<sup>7</sup>

The wonderful people known as "efficiency engineers" who in American novels and magazines walk into an office, draw a number of diagrams for routing the work, cut down the legs of the typists' tables

<sup>5</sup> H. F. Stimpson, L. W. Allison, J. S. Sheafe and G. J. Morrison, *Application of Scientific Management to a Railway Shop*, *Railway Age Gazette* vol. 51, p. 33 et seq. Quoted by Clarence B. Thompson, *Scientific Management*, Cambridge: Harvard University Press, 1914, p. 607.

<sup>6</sup> Willis Wissler, *Business Administration*, New York: McGraw-Hill Book Company, Inc., 1931, foreword to Chapter 26.

<sup>7</sup> Myra Curtis, *American Office Management*, *Public Administration*, February 1932, vol. 10, selected from pp. 179-82, 190-91, 193-94. Reprinted by permission.



and tear down all partitions that obstruct anyone's view of anyone else, leaving behind them after a few weeks' work a scene of marvellous modernity and efficiency would, I thought, be very interesting to meet in the flesh. It was unlikely, but it was at least possible, that they would be able to hand over to me a code of laws, the application of which to my own domain would bring to light whole areas of imperfection which had hitherto escaped my notice.

I must say at once that nothing of that kind happened. So far from instructing me how to improve my office the efficiency engineers whom I met showed a tendency to be impressed by what they heard about it which was unexpected, though of course gratifying. They seemed to regard their own work as that of pioneers in a trackless forest, and except for a few firms (the same firms were mentioned by everybody) did not consider that America had anything to show that they would be prepared to recommend as a model. It is quite possible that we have as many commercial firms in the forefront of progress in this country, and our public offices are in many respects ahead of those in the United States.

There is perhaps one side of the subject on which the Americans have got ahead of us—they do regard it as a subject. They have taken the idea of "scientific management" from the factory into the office, and by introducing a standard terminology have done something to systematise thought about it. There are certain principles of office management which every manager of a large office finds out as he goes along; they are in fact the ABC of his job. In the really advanced American offices there is always someone who has read the text-books, if he has not actually taken a University course in their contents, and there is a decided tendency to entrust him with a good deal of responsibility for putting the ideas in them into execution. Probably he is a very young earnest person—but youth is no handicap in American offices; on the contrary. I found one or more of these young specialists, male or female, installed in a special Systems or Methods Branch, invested with a considerable degree of authority over the executive heads of the operating branches as regards the use of mechanical devices and other time-saving methods. The Federal Government itself has in Washington a "Bureau of Efficiency" which was recommended for our imitation by the Tomlin Commission on the Civil Service. It is an expanded version of the Investigation Branch at the British Treasury, but covers a wider field and has considerably more power to enforce its recommendations.

The most powerful of these Methods Branches, I should say, is that of the American Telegraph and Telephone Company, the parent of telephone companies all over the country, which has really studied with great effect the problems of seating, lighting and manipulating which arise on the various mechanical or semi-mechanical jobs in their offices. The results of this research are conveyed to the daughter companies by way of suggestion, not command, but appear to be attended to, with the consequence that one sees in towns as far apart as New York, Detroit and

Chicago, teams of machine operators sitting at the same billing machines in the same formation using the same fingers for picking up the bills and the same holder for the various documents from which they copy. Even the sorters sort the telephone tickets with the same movement, a rhythmical motion with both hands in which one hand takes up a ticket while the other lays one down, the whole process going at the rate of 4,000 an hour for sortation by each digit. I have been able to introduce this method of handling on some of the sortation at the [Post Office] Savings Bank, and can thoroughly recommend it for any process of sorting into a small number of easily memorable heaps, where the sorter can learn not to follow with her eyes the document she is laying down. It does not look more rapid than the ordinary method of flicking up with the right hand the corners of the documents held in the left hand, but since it eliminates all useless movements it actually is more rapid.

It is on the lines along which such rapid progress is not being made in this country—the only difference is that much that is still new here is taken for granted there. This is, no doubt, partly due to the fact that the office machinery firms mainly manufacture in America and have exploited the home market first, but it is also attributable to a certain adventurousness in the American temper, which leads them to adopt a device while it is still unproved, and to scrap it as soon as something a shade better appears on the market. There is a tendency to do nothing by hand or head which a machine will do for you. A desk calculator stands on nearly every table and is used for adding even when the sum could be done as quickly in the head. Many clerical desks are equipped with side tables on which stands a typewriter which the clerk turns to when she wants to write. Americans will soon lose the use of the pen. They never write notes, they telephone, and to write anything with their own hands which they might dictate would seem an unforgivable waste of time. Ledger posting by hand already seems a fantastic piece of antiquarianism. The banks, retail stores, public utility companies, stock holding companies, and other large concerns all use one or the other of the various types of bookkeeping machine which, when the old balance in the account is picked up and the transaction is entered, throws out automatically the new balance. For savings accounts the banks are beginning to use a machine which does this in the passbook and the ledger at the same operation, slowing down the counter work a little, but eliminating the possibility of discrepancies. The punched card system is invading the bookkeeping field.

In Chicago things had moved a good deal farther, and there were several offices in which the work was "Fordized," as people call it—that is, was carried by moving bands from the clerks performing one process to those performing the next. In one big bank two rows of cheque listers and endorsers sat facing each other at their machines, and between them along the table ran a band, discharging on to another band which ran along the wall the whole length of the room. As each bundle of cheques was dealt with, the machinist threw it on the band and saw it no more. All the

bundles found their way to the end of the room, and thence by chute to the proving section on the floor below. The bands were so unobtrusive that one could be in the room for several minutes before realising that part of the tables was in motion.

In conclusion you will perhaps be glad to hear that if the description I have given of the Chicago offices sounds a little like the horrible visions of playwrights and novelists in which the soul of man is destroyed by his own inventions, the reality did not give that impression at all. Humanity, as Dr. Johnson's friend might have said, keeps breaking in; and except for the parcel weighers, whose job I admit did chill my blood a little, the general effect was still of man working machines and not of machines working man.

After comparing the electrical tabulating system of the twentieth century census with the recording system used in the Domesday Book 1,000 years ago, Professor Leonard D. White concluded: "Technology, in short, has made such strides that the process of administration seems almost to have changed in kind as well as in degree; and it is only upon technological improvements that administration of the intensity and continuous power of the modern state can rest."<sup>8</sup> The mechanics of modern management have undoubtedly brought about notable administrative changes, but the managerial art, as a human activity dependent upon systematic or scientific procedures is not a modern accomplishment. The procedural details of the Medieval Exchequer, as described by Richard Fitz-Neal, Treasurer of England, were no less related to the administrator's mission and no less exacting to the manager's span-of-attention in the Middle Ages than the managerial procedures and mechanisms of our own day. Fitz-Neal argued, it will be recalled, that it was necessary to definitize and record the intricate Exchequer procedures in order "to explain humble things which will be of profit to the eagles themselves."<sup>9</sup>

### 3. PROCEDURAL PRACTICES OF CHIEF EXECUTIVES

At one of the highest levels of executive responsibility, the American presidency, the "eagles" have appreciated from the beginning the importance of procedures and other managerial practices. As a result of his apprenticeship under Washington, Jefferson distributed the

<sup>8</sup> Leonard D. White: "Public Administration." *Encyclopedia of the Social Sciences*, 1937, vol. 1, p. 441.

<sup>9</sup> See Chapter 4.

following instructions to his department heads when he became President in 1801

THOMAS JEFFERSON

"Circular to the Heads of Departments"<sup>10</sup>

Having been a member of the first administration under Gen Washington, I can state with exactness what our course then was. Letters of business came addressed sometimes to the President, but most frequently to the heads of departments. If addressed to himself, he referred them to the proper department to be acted on. If to one of the secretaries, the letter, if it required no answer, was communicated to the President, simply for his information. If an answer was requisite, the secretary of the department communicated the letter & his proposed answer to the President. Generally they were simply sent back after perusal, which signified his approbation. Sometimes he returned them with an informal note, suggesting an alteration or a query. If a doubt of any importance arose, he reserved it for conference. By this means, he was always in accurate possession of all facts and proceedings in every part of the Union, and to whatever department they related, he formed a central point for the different branches, preserved an unity of object and action among them, exercised that participation in the suggestion of affairs which his office made incumbent on him, and met himself the due responsibility for whatever was done. During Mr Adams' administration, his long and habitual absences from the seat of government, rendered this kind of communication impracticable, removed him from any share in the transaction of affairs, and parcelled out the government, in fact, among four independent heads, drawing sometimes in opposite directions. That the former is preferable to the latter course, cannot be doubted. It gave, indeed, to the heads of departments the trouble of making up, once a day, a packet of all their communications for the perusal of the President, it commonly also retarded one day their despatches by mail. But in pressing cases, this injury was prevented by presenting that case singly for immediate attention, and it produced us in return the benefit of his sanction for every act we did.

Whether any change of circumstances may render a change in this procedure necessary, a little experience will show us. But I cannot withhold recommending to heads of departments, that we should adopt this course for the present, leaving any necessary modifications of it to time and trial. My sole motives are those before expressed, as governing the first administration in chalking out the rules of their proceedings, adding to them only a sense of obligation imposed on me by the public will, to meet personally the duties to which they have appointed me. If this mode of proceeding shall meet the approbation of the heads of de-

<sup>10</sup> Thomas Jefferson "Circular to the Heads of Departments" *The Writings of Thomas Jefferson*, Andrew A. Lipscomb, ed. The Thomas Jefferson Memorial Association, 1904 vol 10, pp 289-91

partments, it may go into execution without giving them the trouble of an answer; if any other can be suggested which would answer our views and add less to their labors, that will be a sufficient reason for my preferring it to my own proposition, to the substance of which only, and not the form, I attach any importance.

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Jefferson, the so-called "visionary theorist," recognized, as did Washington, that there was an intrinsic relationship between routine procedure and national policy.¹¹ Washington particularly was successful in encouraging his subordinates to handle as much work as lay within their competence, but his procedure was always such as to insure that all matters would be put before him which required "the agency or sanction of the President."¹²

4. PROCEDURAL PRACTICE IN COMMERCIAL MANAGEMENT

This practice has been termed "the exception principle" by Frederick Winslow Taylor, exponent of scientific management. In applying this principle to American business and industry, Taylor explained: "The manager should receive only condensed, summarized, and invariably comparative reports, covering, however, all of the elements entering into the management, and even these summaries should be carefully gone over by an assistant before they reach the manager, and have all the exceptions to the past averages or to the standards pointed out, both the especially good and the especially bad exceptions."¹³ In regard to reports, complaints, correspondence, conferences, and problems of all kinds, the executive at each level of responsibility should be acquainted with only the exceptional cases, "both good and bad." This course implies that there is also a reasonable procedure for handling the mass of routine or non-exceptional situations.

Every factory, firm, and office develops a type of procedural practices for its routine business. What is suitable or sound for one business, however, may not be for another. On a subject so technical and varied, thorough and detailed experience in any one system is a good teacher. Here, for example, is a description of one set of procedures as applied by A. F. Hagedorn, a Chicago business specialist, who installed the "block system" of procedure for handling the flow

¹¹ See Chapter 5. The extent to which Jefferson performed in accordance with his administrative theories is a subject of inquiry in Leonard D. White's forthcoming sequel to *The Federalists*.

¹² Letter to the Secretary of War, August 13, 1790. *Writings of George Washington*, vol. 31, p. 91.

¹³ Taylor: *Shop Management*, p. 126.

of orders and shipments of Bauer and Black, the drug division of the Kendall Company. It is interesting to note that Henry P. Kendall, the president of this company, was at one time president of the Taylor Society and one of the earliest exponents of the application of scientific management to business organizations as well as to industrial plants.

(a) A. F. HAGEDORN

"Production Planning for the Large or Small Office"¹⁴

Planning production, an idea borrowed from factory management, is an integral part of the job of the office manager. To put it concretely, the planning of production in the office means the intelligent distribution of the daily volume of incoming work, so that in spite of peak loads and slumps, it is executed economically and on schedule.

What does the office manager need to know before he can begin to plan production? He must have some knowledge of the volume of work, that is, the number of incoming orders, checks, letters to be answered, invoices to get out, letters to be mailed, checks to be written, and all the other routine items that are significant parts of the daily work. He should know *with reasonable accuracy the time required to accomplish the different elements of work, such as order editing, pricing, extending, billing, and the writing of letters and checks. It is desirable that he know the best way to do each job; and that the employee be taught this method. Schedules should be established so that the office manager doing the work will be in a position, at any time during the day, to determine how much time may be allowed for completing any unfinished work. A system of simple reports or inventories of unfinished work should be set up.*

(b) A. F. HAGEDORN

"How the Block System Controls Order Work"¹⁵

To explain the block control of orders, as we have developed it at Bauer & Black, let us start with the schedule. The first column of the schedule shows how the working hours of the week are divided into equal periods of time, and each such period of block is given a number as shown in the second column. In the next column we show when blocks are due out of the Order Department—allowing 5½ office hours for completion. Time when blocks are due out of the Shipping [Department] are shown in the fourth column—based on factory working hours. The last column

¹⁴ A. F. Hagedorn: "Production Planning for the Large or Small Office." *N.O.M.A. Forum*, June 1935, vol. 10, selected from p. 19. Reprinted by permission.

¹⁵ A. F. Hagedorn: "How the Block System Controls Order Work." *Business Management*, February 1936, vol. 14, selected from p. 9. Reprinted by permission.

shows when orders are due out of the Billing Section of the Order Department. Here we allow 30 minutes to prepare the invoice for mailing. Every hour another block enters the Order Department, and at the same time a block must be ready to leave. Therefore, in any period of $5\frac{1}{2}$ consecutive working hours five or more blocks of orders are being worked on.

Theoretically, orders received up to 7:30 a.m. for regularly catalogued and stocked items are to be put in Block 1 by writing the number 1 on them in coloured pencil; those received between 7:30 and 8:30 in Block 2, and so on. But we receive 500 or more orders in the first mail on Monday, while for the remainder of the day we receive less. Obviously a schedule cannot be maintained if the amount of work assigned is six or seven times that which can be done in a certain time. Therefore we assign perhaps 80 orders, more or less, to each Block. As soon as the clerk numbering the orders has handled 80—if that is the number established for each block that day—she fills in the Block Sheet, showing date, Block number, first and last numbers of the block, total number of orders, and the hour it is due to be completed in the Shipping Department as well as the Order Department. This Block Sheet is passed on to the Order Department, and when work is completed on the last order of the block and sent to the Shipping Department, the sheet is signed by the head of the department, the hour of completion entered, and sent on to the Shipping Department. It will be returned to the Order Department, duly signed and time stamped, when the last order in the block has been packed and shipped.

If an order in Block 2 has not yet been handled in the Order Department, that department is charged with Blocks 2 to 8—if 8 is due out—even though the only open order is the one in Block 2. The Shipping Department will also be charged with Block 2, because they should have finished with it by 12:00 noon Tuesday. Thus we encourage the Shipping Department to get after the Order Department if orders are not going through promptly.

The exact situation is brought to the attention of the persons responsible for the conduct of the business by means of the Block Report, which is issued four times a day. This is compiled by reference to a file of Block Sheets kept by the service clerk. It is a simple matter to examine the schedule and determine the number of blocks late in any department. Thus in an eight hour day, the departments cannot get more than two hours behind schedule without management being aware of it and bringing pressure to correct it. A report will not show all clear if the performance has not been 100%.

If stocks of frequently called for items are running low, the Shipping Department, to avoid falling behind schedule, will bring pressure to bear on the Planning Department where rests responsibility for adequate stocks. The Order Department is allowed $5\frac{1}{2}$ hours to get orders to the Shipping Department; the Shipping Department is allowed $6\frac{1}{2}$ hours to assemble, pack and ship; finally the Order Department is given 30 minutes

to date invoices, add transportation charges, etc., and deliver them to the Mail Desk. Total lapse of time on regular orders is 12½ hours.

(c) A. F. HAGEDORN

"Block System Control of Order Work"¹⁸

We write the complete order and invoice in one operation on a nine part [copy] form. One of these [copies] is used immediately for statistical information; five [copies] are filed by Block number in serial number order in a file kept by the Service Clerk. When the shipped order is returned by the Shipping Department, these five [copies] are removed, shipping date perforated on all copies, transportation charges added, the [copies] separated and distributed. Thus the Invoice File at any one time represents the unshipped orders or carry over of the business. The three [copies] of the order form, which have not yet been explained, are sent to the Shipping Department—one is the shipping order which is returned to the office after proper handling; the second is the packing list which is put in one of the shipping cases, the third is filed in the same way invoices are filed in the office and removed to a semi permanent file when the order has been shipped. This file functions as a control of orders out in the Shipping Department for assembling and packing.

It is surprising how the block control may be manipulated in the interests of better service. Afternoon blocks, due to light mail, may have only a few orders in them—perhaps none at all. It is possible to hold open the last two blocks of the afternoon until the following morning and assign to them some of the orders then received. Of course this shortens the schedule a little, but if done judiciously does no harm. When we went on the five day week, we recognized that orders received Friday morning would not be shipped until Monday. So we immediately made it a rule that orders received Friday morning were to be assigned to Thursday afternoon blocks which were held open for that purpose. To prepare all departments for that set-up we went so far as to put some Thursday orders in Wednesday blocks. Thus we maintained, practically unimpaired, the service we have been giving previously.

All these operations become part of the control. It does not make the prompt shipment of orders automatic, but it does make automatic information to the management four times a day that progress is, or is not, being made. As a result, just as the Division Superintendent of a railroad straightens out traffic jams, the management can straighten out any congested condition shown by the Block Report.

The "block system" is coming to be widely used throughout government and business administration. It is interesting to note, for

¹⁸ A. F. Hagedorn, "Block System Control of Order Work," *Business Management*, March 1946, vol. 14, selected from pp. 7, 22. Reprinted by permission.

example, its similarity to the "batch system" of handling tax returns in official revenue agencies such as the Kentucky Department of Revenue.

Some students of administration see little purpose in magnifying the importance of procedural particulars of this kind. With their characteristic sense of humor, the British have ridiculed the specialist's obsession by specifying the obvious step-by-step procedures in elaborate but humorous essays on "How to Dispose of an Incendiary Bomb" or "How to Run a Bassoon Factory." Although these detailed and sometimes obvious procedures are like the "bowls and dishes" that Confucius urged his administrators to leave to others, the manager who neglects the problem of procedure will find himself doubting his effectiveness as a "real" administrator or "able" manager.

5. PROCEDURE IN FEDERAL ADMINISTRATION

Although the Hoover Commission in its 1949 report on "General Management of the Executive Branch" reported that "the growth of skills and methods in private organization has long since outmoded many of the methods of the Government,"¹⁷ this criticism was probably more applicable to organizational rather than procedural defects. For, under the stimulus of a Federal agency like the Management Improvement Branch of the United States Bureau of the Budget, a large number of governmental agencies are constantly engaged in correcting and eliminating procedural bottlenecks. The method of streamlining procedure constantly changes, but the following reading is one example of the management practice of "work simplification."

PUBLIC ADMINISTRATION SERVICE

"Work Simplification"¹⁸

The federal government writes 300,000,000 checks, audits 80,000,000 vouchers, and sends 1,530,000,000 letters in a single year. These figures spell big business—business which must be transacted with dispatch. Government must be "tooled up" to handle them, too.

A priceless story is told involving a couple of federal agencies which needn't be named. It seems that some of the staff of one of these agencies felt that the other agency should be informed about decisions on

¹⁷ P. viii-ix.

¹⁸ Public Administration Service: "Work Simplification." Publication No. 01, 1945, adapted from pp. 1-4. Reprinted by permission.

certain topics. Therefore, whenever this agency reached a decision on one of these topics a memorandum describing the decision was prepared in duplicate. The carbon was sent to the second agency and the original was thrown in the wastebasket. Finally, someone took the trouble to scrutinize this peculiar procedure. In the course of his study he called agency number two to see what was done with the carbon. They threw the carbon in the wastebasket. Thus by tradition and by default, "through the looking glass" foibles of management get little attention. Yet many people who are familiar with the state of administrative management in the government today feel that the fundamental problem is one of dealing with these chronic and, individually, minor problems, commonly known as "red tape."

It was [therefore] decided to concentrate on Work Simplification, that is, streamlining paper work, as one of the first steps in the Bureau of the Budget Program. In this program, operating agency people who have been instructed in the plan, train agency firstline supervisors to study and solve the basic problems of their own units. Therefore, improvements grow from the "grass roots," and management obtains results which cannot be achieved in any other way. Supervisors are taught to gather relevant facts quickly, to organize them in simple chart form, and to interpret them properly. Then supervisors take action on improvements within their own units. Proposals for improvement affecting wider areas of the organization are referred to their superiors. When the supervisor masters the methods, he can continue to use them as a matter of course in solving his everyday work problems.

From the standpoint of the Bureau of the Budget, Work Simplification is part of a training program, but it is more than that. It is an action program as well. It is a program for imparting skill in the use of three techniques of the specialist:

1. The Work Distribution Chart—a device for analyzing division of labor
2. The Process Chart—a device for analyzing flow of work
3. The Work Count—a device for interpreting the facts about volume of work in terms of their bearing on method

Charting Work Distribution. At the very first session the trainee is plunged into the subject of work distribution charting. A work distribution chart is not difficult to construct. It is a simple tabulation of the various tasks performed by the several employees of an organization unit classified according to a listing of the major activities of that unit. Time spent by employees on each task is indicated. When this chart has been completed it is therefore possible to add up the total manhours spent on each major activity. Sometimes the result comes as quite a surprise to a supervisor and he immediately discovers any misdirected effort.

The function of the work distribution chart is to probe the soundness of the existing division of labor. It shows up failures to delegate, for instance, and cases of waste of critical skills through assignment of routine

duties to professional employees who never seem to have time to get their important jobs done. It detects those jacks-of-all-trades who, through no fault of their own, work themselves to death yet fail to make any impression on the work piled high in front of them. And it shows who is overworked and who is underemployed.

Process Charting. The process chart is a device for tracing and highlighting work flow. To make such a chart it is first necessary to identify an office procedure involving a number of steps in sequence. Usually a form, a paper, a case or other office medium is selected to be followed through the several steps in processing it. In either event the steps are recorded in order on a special form which is provided for the purpose. This form is divided into two sections. The right hand section provides space for entry of a brief description of each step. In the left hand section a set of symbols is printed. These symbols assist the charter to see at a glance just what steps are taking place during a work process. They are the sign language of process charting. [1] In the use of this form, when something is being changed, created, or added to (a letter typed, for example) a large circle is used to show that an action or an operation is taking place. [2] When something is moved from one place to another, such as a letter carried to another desk, a small circle is used to show transportation. [3] When something remains in one place waiting further action, such as a letter in an "outgoing" box, a triangle is used to indicate storage. [4] When something is checked or verified but not changed, as in proofreading a letter, a square is used to denote an inspection. A master process chart is a part of the visual aid material on this subject. It contains examples of duplicated effort, backtracking, and other work flow difficulties.

Work Counting. The work count presents the most difficult problem of all. Attention is given to the fact that both the work distribution chart and the process chart point to activities with respect to which a work count should be made. For example, a long storage time or delay at one step in a procedure will be highlighted by a process chart. Perhaps a work count at this point will reveal a volume situation which requires that additional manpower be used to expedite the flow. Or it may reveal that the volume is not excessive and the delay is due to poorly trained employees. The work distribution chart may raise a question about the desirability of specialization in handling a certain piece of work. Here, too, the facts about volume will provide a sound basis for decision.

A final session is held after all discussions and practice periods are past. At this time the supervisors use all three of the tools to work out an installable improvement of some phase of the operations of their offices. They are encouraged to postpone coming to any conclusions about the practicability of a potential improvement until they have seen the results obtained through the use of all three devices, for each tends to shed additional light on the basic problem. Hence, improvement based on all three analytical approaches is bound to be sounder and more far reaching than that based on only one or two. In the final session the trainer gives each

ervisor what help he can. In every case, however, he must assure him that each supervisor has been able to formulate a definite improvement at which, perhaps after refinement, will be installable

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With their rapidly growing burden of administrative management, governmental agencies have been forced to engage in such procedural programs. The American social security system, for example, involves some fifty million old age insurance accounts requiring periodic entries. Even with the perfection of the photoelectric cell, which makes it possible to discard punch-cards with false entries, the system cannot be completely automatic. Since almost a half million Smiths must be accounted for under the American social security system, for example, tangles are inevitable. For administrators to see that the proper work is done and the necessary corrections made is more than a question of mechanics. The situation requires appreciation of the relationship between procedure and policy—awareness of the meaning of converting the decisions of government into the procedures of a bureaucracy. As Karl de Schweinitz, American public welfare expert, has said in reference to the social security system, the object of sound public management is "to translate a law into a check."

## PROCEDURES FOR EMERGENCY MANAGEMENT OF THE ECONOMY

Whether the government or a private firm engages in insurance 'handouts' does not affect the problem of managerial procedure. As a matter of fact, modern management, public or private, seems to operate completely without inhibitions about applying systematic and time controls upon major segments of the economy. The following description of war time production management by David D. Levine, a member of the Office of Procedures of the War Production Board, will illustrate this point.

DAVID D. LEVINE

"Administrative Control Techniques of the War Production Board" <sup>13</sup>

The control of industry by preference ratings is one of the basic administrative techniques utilized by the War Production Board. Stated simply, a preference rating gives priority to the delivery of materials or

<sup>13</sup> David D. Levine, "Administrative Control Techniques of the War Production Board," *Public Administration Review*, Spring 1944, vol. 4, selected from pp. 90-94, reprinted by permission.

products in accordance with the relative urgency to the war effort of the use of such materials or products. This priority—or order of preference—is governed by the provisions of Priorities Regulation No. 1, which requires that purchase orders must be accepted and filled in the sequence of the ratings assigned. Thus, an order bearing an AA-1 rating must be accepted and filled before one with a rating of AA-2, and an AAA rating must be given priority over any other rating assigned. Exceptions to this principle are permitted, however, to prevent the disruption of established production schedules within a particular plant. For example, a producer may refuse to accept an order with an AA-1 rating if its acceptance would disturb a production schedule established to fill other high-rated orders (AA-1 to AA-5) within fifteen days.

The use of preference ratings was supplemented, furthermore, by a variety of other controls. The rapid growth of our military machine of necessity resulted in increasingly greater demands upon our resources of materials, productive facilities, and manpower. We were no longer a nation of “unlimited” resources and capacity. The pinch of war requirements had to be shifted to those civilian items which were not essential to the war effort. Two basic administrative techniques were devised to perform this task: (1) limitation orders, commonly known as L orders, and (2) conservation orders, known also as M orders. Limitation orders are among the most drastic devices employed in the control of industry. In their extreme form, they say that a specified product can no longer be produced. Conversion of plants to war production was a direct outcome of the use of limitation orders. For example, the production of passenger automobiles for civilian use and for export was progressively curtailed and eventually stopped by a series of orders beginning with L-2, issued on September 13, 1941, and concluding with L-2-g, issued on January 21, 1942. Conservation orders, likewise, served to divert increasingly scarce materials into the production of more essential war items. The method of approach utilized in the M order was to prohibit or otherwise restrict the use of certain materials in specific products. Thus, Order M-9-c, issued on October 15, 1941, stopped the production of copper ash trays, candlestick holders, andirons, and a variety of other copper knickknacks.

One of the simpler devices for conserving material employed by the WPB is the control of production through the establishment of production quotas. This administrative control technique is used when it is desirable to conserve materials but not essential to maintain a rigid control over each transaction by producers within the industry. Production quotas generally are of two types, namely, one which curtails the use of material for the production of a specified item or one which curtails the total output of the product in terms of the number of units which may be produced.

In order to accomplish this detailed control of industry, the WPB has instituted the device of specifically authorizing individual transactions or activities. Several methods for securing the specific authorization of the

WPB have been devised. The particular method or procedure to be used in administering any given priority order depends upon the degree of control necessary, the particular buying and selling practices of the industry, and the anticipated number of requests for authorization. The simplest method of regulation requires a producer (or supplier) to file a list or schedule of his proposed shipments for approval. Thus, the principle of controlling an industry at the point requiring the smallest operating workload for the WPB is given practical application. By a more complex variation of this method a processor requests authorization to acquire certain material, to put it into process, and to make delivery of the product.

The extent to which the device of scheduling operations should be adopted for a particular industry is a problem of major importance to the WPB. A decision of this nature depends upon the importance to the war effort of the item being produced and the disparity between essential requirements and the available supply of materials, component parts, labor supply, and plant facilities. Thus, the basic scheduling order of the WPB, M-293 as amended February 10, 1944, establishes two basic procedures. If it is necessary to assure general continuity of production of a specified item, the manufacturers of the item must file a periodic report of their individual shipping schedules. The WPB can then make over all adjustments among similar plants in terms of balancing the requirements for the item with the industry's capacity to produce. If, however, the production of a particular essential item is limited and its distribution must be strictly controlled, the WPB may require that it must approve each purchase order before it is accepted by the supplier. When the two scheduling procedures are used in combination, they result in one of the strictest forms of control exercised by the WPB. Under both procedures, provision is made for "freezing" the shipping schedule of a producer. This provision enables such a producer to set his production machinery in motion without fear of serious disruption. No change can be made in this frozen shipping schedule except by specific direction of the WPB.

The great administrative workload involved in production scheduling both for industry and for the WPB, necessitates careful analysis of proposed priority orders, first, to make sure that there is a need for scheduling and, second, to determine the least burdensome scheduling method that will satisfy the requirements of essential war production. Complete governmental control of our industrial economy would be possible by the general use of the scheduling device alone. That it is not so used is testimony of the desire of the people and the government to impose upon themselves only those restrictions which are essential to the successful prosecution of the war.

After making detailed administrative case studies in this field, Levine has further described the procedural ligaments that tie the topmost political policies with the most routine management practices. To a "procedural analyst" with such experience, planned man-

ment of industry does not seem forbidding under emergency conditions; nor do the "industrial analysts" who have to apply the specific procedures seem to have any ideological qualms on the subject. One of these "analysts," for example, a former employee of chemical production plant, had the duty of reviewing applications for authority to deliver and use chemicals in short supply. Specifically "procedures" he utilized involved (1) an analysis of the "essentiality" of the application, (2) a check of the applicant's "demand" against the known national "supply," (3) a comparison of the amount of materials requested against the applicant's production capacity, (4) adjustment of demand in terms of total available supply, and (5) preparation of supporting papers including a "ledger sheet" of the transaction. Throughout all of these procedures, the "industrial analyst" must be and generally is "conscious at all times that an essential segment of war production is dependent upon the proper exercise of his judgment."<sup>20</sup> The application of management procedures thus may impinge upon the "making" of major national policies.

## PROCEDURAL PROBLEMS IN INTERNATIONAL ADMINISTRATION

Procedures may be equally significant in our contemporary experience with international government. On the economic side, the domestic allocation procedures described above were not far different from the international requisitioning procedures developed under Lend-Lease during World War II or the export licensing system under the post-war European Recovery Program.<sup>21</sup> In the field of international government, the following quotation from Professor Norman L. Hill of the University of Nebraska will illustrate the importance of certain procedures utilized before World War II by the League of Nations.

**NORMAN L. HILL**

*International Administration*<sup>22</sup>

The [League of Nations] Council has defined a procedure in accordance with which petitions may be sent to it dealing with the rights of

<sup>20</sup> David D. Levine: "Management Planning in Government." Unpublished manuscript, 1945, p. 44.

<sup>21</sup> "Operations Under Lend-Lease Act." Message from the President, Senate Document No. 55, 77th Cong., 1st Sess., 1941, p. 15. Exhibit 2. See also Bureau of the Budget Management Improvement Branch: "The 'Special Export License' Branch." Conference on Organization and Methods Work, Second Series, December 1946.

<sup>22</sup> Norman L. Hill: *International Administration*. Adapted from pp. 93-94. Reprinted by permission of McGraw-Hill Book Company, Inc. Copyright, 1931, McGraw-Hill Book Company, Inc.

minorities as defined by existing treaties. By this procedure either individual states or the minorities themselves are entitled to dispatch petitions to the Secretary General of the League, requesting that they be turned over to the Council for consideration. The Secretary General is expected to send copies of the petitions to the states concerned and to the President of the Council. The President asks either two or four members of the Council to assist him in examining petitions. Any of these officials, or any other member of the Council, may place the substance of the petitions on the agenda of the Council if the preliminary examination discloses conditions which seem to them to justify such action.

Upon the receipt of copies of petitions from the Secretary General by the states concerned, explanations may be given in writing. These explanations together with copies of the petitions, are sent to all of the states which are represented on the Council. In the event that the Council arranges hearings the states concerned may have representatives present, no arrangement has been made, however, for the representation of the complaining minorities.

In actual practice the Secretary General [of the League of Nations] receives a large number of petitions annually. Many of them are not examined by a council committee for the reason that they do not comply, either in form or in content with the rules which have been laid down, and a still smaller proportion of them are considered by the Council as a whole. *The Official Journal*, July, 1930, gives the following records for the period beginning June 13, 1929 and ending on May 31, 1930: 57 petitions were received of which 26 were rejected because in form or content they did not conform to requirements.



Form and protocol, of course, have always played a large part in diplomatic affairs, but it is only with our more recent attempts to refine the machinery for international peace and security that specific administrative or quasi-judicial procedures have become decisive in world affairs. For some administrators the main hope for channelling controversies which may lead to war into justiciable questions to be brought before the International Court of Justice, or into technical *administrative questions to be put before the mediators and experts* of the Secretariat of the United Nations, lies in the development of procedure. The attempt is not always successful in view of the tendency of nations to disagree on procedural and substantive questions. It remains to be seen, for example, whether the United Nations' attempt to eliminate the international veto from Security Council decisions on "procedural matters" can be successful.<sup>23</sup> Paradoxical as

<sup>23</sup> *Charter of the United Nations*, Art. 27. See also Cromwell Adams Riches, *The Unanimity Rule and the League of Nations*, Baltimore: The Johns Hopkins University, 1933. The Johns Hopkins University Studies in Historical and Political Science, New Series No. 20. Wellington Koo Jr., *Voting Procedures in International Political Organizations*, New York: Columbia University, 1947.



it may seem, however, the main hope of achieving aims of such magnitude as the peaceful settlement of international disputes is in sharpening the simplest tools of procedure.

## 8. CODES OF PROCEDURE

Procedures can become so complex that large institutions in government and business often definitize their routines and practices by putting them into procedural codes which are constantly being revised. Rules and regulations issued for the public are matched by internal administrative manuals which instruct the staff where to route papers and how to keep the work moving. Moreover, an entire protocol on procedures themselves has developed in management. The systematic habits of German administration offer one case study of this kind. The authors of the reading presented below are Professor Arnold Brecht, a former German civil servant, who teaches at the New School for Social Research, and his colleague, Comstock Glaser.

### ARNOLD BRECHT AND COMSTOCK GLASER

#### The Art and Technique of Administration in German Ministries<sup>24</sup>

It is only recently that the details of administrative procedure have aroused interest in America as a subject worthy of theoretical investigation. They have been given casual descriptive treatment by writers who have noted that things are done one way in Office A and another way in Office B and Office B is more efficient. There are a few "tricks of the trade" to be had for the asking and more than a few salty case histories. But there is no established theory or practice regarding procedure which can be accepted as standard. Traditions run differently in the various departments and administrative planners are faced with the problem of building a body of thought from the ground up, and even of framing a suitable terminology.

The fact that in a country of such high administrative traditions and standards as Germany the Ministries laid down rules of procedure a number of years ago, tried them and found them good, and have held to them ever since, should be of vital interest. Although the experience of the German Ministries may not be completely relevant to American conditions, it is possible to derive from it observations of immediate theoretical value and potential practical usefulness. In the 'twenties the senior author of this volume, then in charge of the Division for Constitution, Admin-

<sup>24</sup> Arnold Brecht and Comstock Glaser: *The Art and Technique of Administration in German Ministries*. Adapted from pp. 3-5, 16-19. Reprinted by permission of Harvard University Press. Copyright, 1940, Harvard University Press.

istration and Civil Service in the Reich Ministry of the Interior, succeeded in obtaining the passage of a Code of Administrative Procedure for all the German national Ministries. He was not aware, then, that the code might be significant except as a technical instrument for internal administration. He was surprised when, soon afterward, German professors, authorities in government and public law, told him that the code with its exact description of intra-office technique had for the first time made them really understand German executive government, its efficiency, and its spirit of work. Discussions with English, French, and American professors substantiated this unintentional documentary value of the compilation. Even more significant to the author was the failure which met his attempt to find similar codes in other countries, for the purpose of gaining a like insight into their administrative work. Such comprehensive and exact manuals were not in existence.

It may be surprising to learn that the Code of Administrative Procedure, which was set up by the [German] democratic regime, has continued in force under the totalitarian state. This, however, is only a new illustration of the fact, long known to good administrators, that different as are the political aims and means of various rulers, the technical problems in administration are very much the same under any regime. The French democracy received much of its administrative technique from Napoleon, the German Führer state conversely from monarchy and democracy.

The Code of Administrative Procedure was passed without even a question (September 2, 1926). Each minister had been advised to consent by his representative on the drafting committee, who had pointed out to him the efficiencies in operation to be gained through the Code, and the escape clause which permitted deviations. As had been anticipated the escape clause was rarely used and then only for special reasons.

[One] illustration [occurred] amusing in its triviality. It had always been customary in German Ministries for the lower officials not to use colored pencils in the shades used by the Minister, Secretary, and Division Directors, in order to avoid confusion as to the authorship of marginal notations, underscroonings, etc., and to draw attention to these of the *higher officials*. *This device is simple and efficient. But the color habits changed, and it was not always easy to determine who had made the notations on older papers.* It was suggested in the committee that the Minister should use a green, the Secretary a red, the Division Director a blue pencil. The representatives of some Ministries objected that this was "unbearable," they being accustomed to the Minister's using a blue pencil, etc. No one scheme was inherently better than any other. But a majority was obtained for the proposed set of colors, and the minority were reminded that by invoking the escape clause they could use other schemes if they cared. After the Code came into effect no Ministry cared to alter the rule, which has been in general effect ever since. It became so well established that a few years later a Secretary, who had been commis-

sioned by the President of the Republic to serve as acting Minister for an indefinite period, asked whether in this capacity he was supposed to use a green or a red pencil. The advice jocularly given was that he had better continue to use red pencil, because then he would not have to surrender his pencil with the office in case some day a Minister should be appointed and wield the green pencil again. He followed this suggestion.

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In spite of criticisms of the obsessive practices of German management, the idea of the procedural code has also taken root in American management in the form of "procedure manuals" or "standard operating procedures."²⁵

9. CORRESPONDENCE, FILES, AND RECORDS MANAGEMENT

One of the heaviest burdens of large-scale management involves the use and disposal of papers, files, and records.²⁶ These duties are often regarded as forbidding, until one looks at the records management problem comprehensively and creatively. Terry Beach, who managed the records of such organizations as the Southern Railway, the Federal Security Agency, and the Atomic Energy Commission, examines this question below.

TERRY BEACH

"Why Manage Records?"²⁷

This interest [in records] got its greatest impetus when, in the fall of 1941, Archibald MacLeish, acting for the Committee on the Conservation of Cultural Resources, found that there were 6,875,369 cubic feet of records in the custody of the Federal Government—in the District of Columbia alone! This astounding mass of records presented several serious problems. Space occupancy, the tying up of irreplaceable equipment, and the use of hard-to-get personnel were some of the physical problems alone.

Several developments contributed, at least in part, to the solution of some of these problems:

1. A Records Administration Central Committee was set up under the Training Division of the Civil Service Commission. The Commit-

²⁵ "Alfred P. Sloan Jr. Chairman." *Fortune*, April 1938, vol. 17, p. 112. Ray Miller: "A Wartime Procedure Manual." *Public Administration Review*, Summer 1946, vol. 6, pp. 228-34.

²⁶ United States Bureau of the Budget: "Records Retirement and Controls." *Management Bulletin*, January 1945.

²⁷ Terry Beach: "Why Manage Records?" *Personnel Administration*, January 1947, vol. 9, selected from pp. 32-34. Reprinted by permission.

tee membership was comprised of fifty or more representatives of Federal departments and agencies

2 The National Archives, under the direction of Dr Philip C Brooks, undertook a records administration program which included expanding the facilities and advice made available by the National Archives

3 Dr Pendleton Herring was made available to the Bureau of the Budget, to give his attention to the maintenance of suitable records of the administrative development of war agencies At the request of the President, this program was expanded

It was found that the most successful way to solve these problems and to prevent their recurrence was to fix the responsibility for the various phases of records administration on a staff office located at or near the top of an agency And so there sprang up, here and there, records management offices having over all authority and control of the records of their respective departments or agencies Since the desperate urgency of the war years, there has been a steady growth in the number of records management offices The Federal Security Agency has probably the most recently established office of this kind And all of these offices exist today because of the fundamental importance of records

We should make quite certain that there is no misunderstanding of the term 'records management' Some people, when they hear the term 'records manager,' think of a doddering old fellow, shuffling musty old papers and, with trembling hands, placing them in neat piles—to be thrown away Others, perhaps, have a vague notion that a records manager is a kind of local representative of a paper salvage committee, a sort of glorified trash man! Such, I hasten to say, is not the case Records management is divided into three parts (1) Correspondence Management, (2) Current Records Management, (3) Non-current Records Management I like to think of these as being comparable to the life span of a human being For example

**CORRESPONDENCE
MANAGEMENT—**

This has to do with the creation of records the seeing that only necessary records come into being and that they are born as speedily as possible and with a minimum of birth pangs

**CURRENT RECORDS
MANAGEMENT—**

This deals with records that are current and vigorously active It sees that they are well housed and useful servants, ready when needed

**NON-CURRENT RECORDS
MANAGEMENT—**

This concerns the twilight and old age of records It sees that inactive records are disposed of gracefully or preserved for posterity

The stenographer busily typing a letter is not aware perhaps, that she is participating in the birth of a record Nor is it likely that the person

who dictated that letter was aware that he was causing a record to be born. Nevertheless, most records today come into being to the accompanying beat of typewriter keys and the flourish of signatory pens. This is the best point, then, at which to solve the problem of unnecessary duplicate records. The best way to solve that problem is *not* to create them. Also, through studies which show how many carbon copies are being prepared and where they are going, and eliminating those which are not necessary.

You have heard it said that files are the memory of an organization. Whether that memory is good or bad depends on the soundness of filing systems, the ability and interest of the human beings who run them, the quality and fitness of equipment and supplies, and the cooperation of those who ask for files. Unfortunately, once filing systems are installed and started on their way, there is no assurance that they will thenceforth and forevermore run smoothly and satisfactorily on their allotted course. Sooner or later a renovating job is necessary. Current records management, therefore, includes the installing or reorganizing of mail and file systems, the conducting of in-service training courses on records management in collaboration with personnel offices, and the review of requisitions for filing equipment and special supplies to determine if the most appropriate kind is asked for, if the amount is in proper ratio to needs, and if suitable equipment or supplies can be furnished from surplus stock.

This is a brief general outline of the normal activities of a records management office. They are centered in such an office because it has been found that these things somehow *just don't* get done if left solely up to local offices. The records management office exists to furnish agency-wide planning, stimulation, and technical direction. It does not attempt to engage in the details of mail and file activities. "Records Officers" are sometimes designated in most of the staff and operating offices of an agency. These are the people who are most intimately acquainted with local problems and conditions, and the records management office should work *through* them. It must also coordinate its efforts with offices engaged in other management activities.

It is perhaps fitting to conclude with a moment of silent prayer that the dread specter of skeletonized appropriations will not permit a Frankenstein monster akin to those earlier 6,875,369 cubic feet of records again to overwhelm our Federal offices.

~ ~ ~

This prayer was not immediately answered. The Hoover Commission found that in 1948 the hoard of Federal records was growing at the rate of 18,000,000 square feet per year, and that there existed government records to "fill six buildings each the size of the Pentagon."²⁸ The problem is not restricted to modern mass management.

²⁸ Commission on Organization of the Executive Branch of the Government. "Office of General Services."

Pliny, the Roman colonial administrator operating in Greece, had to appeal to the Emperor Trajan directly for copies of essential edicts and letters, and had to explain "I imagine the true copies are preserved in your Record Office"²⁰ Roman records were still hard to trace in spite of the fact that the emperors had an elaborate set of specialized records offices. In addition to a Chief of Greek Correspondence they retained a Chief of Memoranda, a Chief of Correspondence, and a Chief of Documents.²¹ An administrative genius like Napoleon,²² or Colbert or Talleyrand,²³ was not unaware of the crucial importance of record keeping.

10 SIMPLIFICATION OF PROCEDURES AND CORRESPONDENCE

As Terry Beach suggests, the best way to solve these procedural problems is to reduce the amount of written material and to avoid formalizing management procedures as much as possible. Formal and official correspondence have their elements of essentiality, of course. The British statesman Lord Haldane understood the importance of official correspondence when, as head of the War Office, he had to assume the additional duties of Home Secretary. He had recently addressed an official request to the Home Office and one of his first duties as Home Secretary was to write himself a memorandum refusing his own request as Secretary of War.

Many executives, however, make a fetish of the written word. Memoranda call for answers, and the time of some organizations is consumed by the necessity of following up on written communications that should never have been written. Administrators realize especially, in times of national emergency the dangers of verbosity, as revealed below in (a) the circular issued by the British Treasury, and (b) the hypothetical instruction issued by Maury Maverick, who has served as Mayor of San Antonio, Representative from Texas, and Chairman of the Smaller War Plants Corporation.

²⁰ William Melmoth: *Pliny Letters* New York: The Macmillan Company, 1915. Letter No. 65, vol. 2, p. 365.

²¹ Pierino Belli: *A Treatise on Military Matters and Warfare* Part 1, Chapter 15. Translated in *Classics of International Law*, James Brown Scott, ed., No. 18, vol. 2, p. 35. Oxford: The Clarendon Press, 1936.

²² *Napoleon Self Revealed*, J. M. Thompson, ed. Boston: Houghton Mifflin Company, 1934, pp. 81, 129.

²³ Charles Woolsey Cole: *Colbert and a Century of French Mercantilism* New York: Columbia University Press, 1939, pp. 299-300, 320. Crane Brinton: *The Lives of Talleyrand* New York: W. W. Norton & Company Inc., 1936, pp. 129-30.

(a) BRITISH TREASURY**Circular to Departmental Officials**⁸³

Sir,—I am directed by the Lords Commissioners of His Majesty's Treasury to inform you that the Prime Minister had directed that it is essential in present circumstances that all Departments and all branches of the Service should take every possible step to avoid administrative delays, to accelerate decisions and to expedite executive action.

Since the war there has been a noticeable speeding up of public business, but to-day's needs demand that more must be done; I am to ask, therefore, that this matter may be given further urgent consideration as regards business both within Departments and between Departments.

The following possibilities should, in particular, be explored:

Simplification of procedure, e.g., in putting to tender and placing of contracts, accounting methods, etc.

Further development of oral discussion in place of written minutes, the final conclusions alone being recorded.

Expedition of action when agreement on policy has been reached, e.g. on the strength of oral instructions, subsequently confirmed in writing if necessary.

(b) MAURY MAVERICK**"Goobledygook"**⁸⁴

Be short and use Plain English

Memoranda should be as short as clearness will allow. The Naval officer who wired "Sighted Sub—Sank Same" told the whole story.

Put the real subject matter—the point—and even the conclusion, in the opening paragraph and the whole story on one page. Period! If a lengthy explanation, statistical matter, or such is necessary, use attachments.

Stay off gobbledegook language. It only fouls people up. For the Lord's sake, be short and say what you're talking about. Let's stop "pointing-up" programs, "finalizing" contracts that "stem from" district, regional or Washington "levels." There are no "levels"—local government is as high as Washington Government. No more patterns, effectuating, dynamics. Anyone using the words "activation" or "implementation" will be shot.



In a war-time speech, Winston Churchill put the polite objections of the British Treasury into almost as colorful a statement

⁸³ British Treasury: Circular to Departmental Officials. Quoted by Herman Finer: "Civil Service in War-Time Britain." *Public Personnel Review*, July 1941, vol. 2, selected from p. 191.

⁸⁴ Maury Maverick: "Gobbledygook." *Public Administration Review*, Spring 1944, vol. 4, p. 151. Reprinted by permission.

which criticised the "full dress reports," the "wooly phrases," and the "mere padding" of official communications.³⁵ One method of handling some of this paper work in modern management is to call to the attention of the next level of decision making, that is, "the boss," only the essential part of the material he needs for his decision. An effective practice is for subordinates to divide the material they put before their superior into two broad classes: (1) the subordinate's summary of the pending issue, together with the recommended answer, course of action, or the alternative courses of action, and the reasons therefor, and (2) the supporting papers including related reports or previous correspondence on the subject, together with a selected body of material from the files, and, if necessary and convenient, the entire file of the subject.

With regard to paper work other suggestions include: (1) Use of the follow up memo after a conference or a telephone conversation, addressed to all officials concerned and outlining the division of work; (2) Use of carbon copies of correspondence addressed to all interested parties other than the addressee who may be concerned, the copy to be marked either for "information" or for "action," and possibly checked or underlined where the document most concerns the person receiving the copy; (3) Use of routing forms containing the names of all staff members who generally receive such data, checked in order to limit the routing only to those officials concerned with the particular circumstances, and containing also alternative instructions to be written in or checked, such as "Information only," "Follow up and report to me by —," "Prepare answer for my signature," "Consult with and jointly prepare answer for my signature," "Answer this yourself," etc.; (4) Periodic checking of correspondence, especially of new or partly trained subordinate staff members, so that subordinates will understand that this procedure is being followed as a means of informing superiors about the handling of routine matters and of discovering whether subordinates are carrying out the exception principle in the light of the superior's conception of what constitutes exceptional circumstances.

11 PROCEDURAL MISTAKES AND THEIR CONSEQUENCES

Unnecessarily complex procedures may cause confusion among business clients or ordinary citizens, just as routine forms and practices may sometimes lead to errors among employees and staff personnel. These bureaucratic mistakes are not the monopoly of any particular culture. Below is (a) a Soviet citizen's complaint by Yefim

³⁵ Finer, *Civil Service in War Time Britain*, p. 191.

Urzhumsky, and (b) an American army document, in a similar vein, by General Ben Lear.

(a) YEFIN URZHUMSKY

"The Problem of Diapers in Russia"³⁶

Great joy was mine—my wife had borne a son.

What does the human animal need when, having arrived in this world at a Maternity Hospital, he is ready to leave for home?

Obviously, diapers.

First of all a certificate had to be made out by the Maternity Hospital to the effect that the boy was born alive.

"You'll get his diapers in the Women's Consultation Room," they told me.

In the Consultation Room they said: "You'll have to have a certificate of residence from the management of the house you live in and also an authorization to receive the diapers."

"Who is to authorize me?" I asked in surprise. "The baby?"

"Authorization comes from the mother," was the answer.

And so I went to the house management, and then to the Maternity Hospital, collecting certificates.

Back in the Consultation Room I was given, in exchange for my three certificates, a new certificate.

"Present it at your wife's place of work," I was graciously advised.

At my wife's place of work, my son was entered in a record. Armed now with records and certificates I went to the District Bureau of Produce Cards, and obtained an order for diapers.

I held in my hands the small green card, and wondered: What would all these kindly kibitzers be doing if somebody had thought up the brilliant idea that diapers, or at least orders for diapers, might be supplied directly by the Maternity Hospital?

On the seventh day of his life my son, in his new diapers, was "written out" into the world.

"Here's your soap certificate," they said in parting, and handed me a scrap of paper.

The young man was well into his second month before that soap certificate transformed itself into a cake of soap.

It had not been lying idle, either. The certificate traveled first to the house management. From there it was directed to the Women's Consultation Room; thence to the Child's Consultation Room; then back to the house management. After that it trotted over to the "place of work of the mother"; from there to the District Bureau of Produce Cards;

³⁶ Yefin Urzhumsky: "The Problem of Diapers in Russia." Quoted from *Krokodil* (Moscow) by Reader's Digest, January 1946, vol. 48, pp. 29-30. Reprinted by permission.

thence to the ' place of work of the father , then once more to the Bureau of Produce Cards, and finally back to the Maternity Hospital

But it did not travel to all these places by itself Oh, no—Daddy went with it That's what daddies are for

On the back of the certificate appears the following pronouncement "All coupons for soap should be received directly in the Maternity Hospital President of the District Bureau of Produce Cards, A Kuznetsov Immediately under that we read In the first instance, cards for soap are to be received upon presentation of this certificate, at the office where all other produce cards are received (Signature illegible)"

I did get the soap—finally

But I am keeping the certificate, and when my son grows up and goes to work I am going to show him this bit of paper and say "Tear this up, son, and try never in your life to issue such papers or write such pronouncements Try to treat your fellow man as a human being "

(b) Letter from General Ben Lear, October 6, 1937²⁷

A copy of your paragraph 4, Special Orders 210, ordering Sergeant Peter Nelson (R-2283026) to proceed to San Francisco for transportation on the first available transport to Fort Bliss, has been received and noted with great interest and no little perturbation A perusal of the transport sailings on file in this office fails to show any transport scheduled from San Francisco to Fort Bliss In the absence of this information this headquarters assumes that the trip will be made up the Gulf of California and then either via the Colorado and Rio Grande Rivers or the Gila and Rio Grande Rivers (See Incl No 1—Map of Suggested Route) Either route, it appears, would provide a most interesting adventure for both the crew and passengers Of course, the difficulties of portage between the headwaters of the rivers and over Boulder and Elephant Butte Dams would provide situations to titillate the imagination of the engineers

This headquarters wishes to cooperate fully in every possible way In this respect these questions come to mind reference the trip

a The possibility of an international incident if the southern half of the Rio Grande is used

b The possibility of arousing the natives and natives of the States of Arizona, Utah, Colorado and New Mexico respectively and progressively, in the event the interior route is chosen

c The necessity of salutes

d Whether or not the trip, by either route, would be publicized or kept secret

The exact date of arrival of the transport at this station would be

²⁷ Letter Commanding General Fort Bliss Texas to Commanding Officer Letterman General Hospital San Francisco California Quoted in *The Army Medical Bulletin* April 1938 vol 44

appreciated, as the personnel of this command and the local townspeople are in a fiesta mood and plan a big reception. If sufficient time intervenes, it may be possible to arrange for the Quartermaster General to attend the ceremonies. This would be a very appropriate gesture on his part; especially so since there has been nothing greater than a prairie schooner through here in lo! these many years.

This headquarters and the Ordnance Department appreciate deeply this unusually noble expenditure of effort to get Sergeant Nelson to us, and openly marvel at the ingenuity of the Medical Department in planning such a vastly radical departure from the humdrum routine of ordinary transport travel. Should further innovations in transport service be simmering in your executives offices, it is requested that we be notified promptly upon their adoption.

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Even the most efficient system of procedural forms may produce errors such as the use of "transport" for "transportation." Nor can modern records management or scientific correspondence filing avoid all of the bureaucratic complexities that might arise. The subject classification of the War Department correspondence file at one time contained the item "Civilian Employees," under the file number 046.3. But upon consulting the number classification it was found that the following subject was numbered 046.3: "Interior Department, Government Hospital for the Insane (Admission of Civilian Employees)."

Every well-regulated administrative family deserves some margin of error. But the pinch of mistaken management practices is felt most seriously when those persons outside the organization suffer from defects in procedures and routines of the kind referred to by Urzhumsky and Lear. The administrator must be as foresighted as possible and hope that he will not be faced with the dilemma of the income tax administrator who had printed on one section of his carefully prepared income tax form the instruction, "Don't write here," only to be answered by the irate taxpayer, "I write where I ——— please." Yet without such forms, form letters, indexes, routine practices, and standard procedures, organizations face even greater managerial embarrassment and administrative confusion.

## 12. THE BURDEN OF UNDELEGATED ADMINISTRATIVE ROUTINES

What may be a routine problem at one level of authority may be a discretionary problem at a lower level. While this variable distinction is not definite enough to earmark a matter for procedural routine

rather than discretionary action it emphasizes the constant importance of even 'routine' decisions in administration. In any case, the attempt should be at all levels of responsibility to delegate constantly downward as many decisions as possible. Without the continual delegation of routine activities to others administrative duties become intolerable. This situation is especially evident at the higher levels of executive responsibility as shown in the following readings from (a) George Washington (b) Governor Alfred E. Smith and (c) Chester I. Barnard, President of the New Jersey Telephone Company.

(a) Letter from George Washington to David Humphreys  
February 7, 1785<sup>28</sup>

In my last by the Marquis de la Fayette, I gave you reason to believe that when I was more at leisure you should receive a long letter from me; however agreeable this might be to my wishes, the period it is to be feared will never arrive. I can with truth assure you, that at no period of the war have I been obliged to write half as much as I now do from necessity. I have been enquiring for sometime past for a person in the character of Secretary or clerk to live with me; but hitherto unsuccessfully. What with letters (often of an unmeaning nature) from foreigners, Enquiries after Dick, Tom and Harry who may have been in some part or at sometime in the Continental service, Letters or certificates of service for those who want to go out of their own State, Introductions, applications for copies of Papers, references of a thousand odd matters with which I ought not to be troubled more than the Great Mogul, but which must receive an answer of some kind, deprive me of my usual exercise, and without relief, may be injurious to me as I already begin to feel the weight, and oppression of it in my head, and am assured by the faculty, if I do not change my course I shall certainly sink under it.

(b) ALFRED E. SMITH

'How We Run Our Governors'<sup>29</sup>

How long would any great corporation live if the man directing its affairs was compelled to spend 75 per cent of his time doing clerical work, signing papers, listening to reports that might well be directed to a competent subordinate? Theoretically the governor is the head of the government. He is supposed to plan the broad administrative policy. People think that he deals with large affairs. As a matter of fact his energy is

<sup>28</sup> Letter from George Washington to David Humphreys, February 7, 1785. *The Writings of Washington*, John C. Fitzpatrick, ed., vol. 28, pp. 65-66.

<sup>29</sup> Alfred E. Smith, *How We Run Our Governors*, *National Municipal Review*, May 1921, vol. 10, selected from pp. 277-80. Reprinted by permission.

consumed by trivial details of a clerical or subordinate nature. There is little time and strength left for the high functions of his office. In addition to the reorganization of administrative departments to give him easy control and supervision over executive affairs, the governor must be relieved from scores of petty duties which demand his attention at serious detriment to his work for the people.

The most annoying duty that is placed upon the governor is his chairmanship of the trustees of public buildings. The state makes hundreds of leases in various cities for branches of the different state departments. Even for the small gas testing station required by the public service commission, the rental of which may be only twenty dollars a month, the governor and other trustees must sign three copies of each lease. Before part payments can be made for contracts for repairs to the capitol the trustees must approve, although the determination of the matter is naturally in control of the state architect. If a room is to be painted in the capitol or a new strip of carpet is to be laid, there must be a meeting of the trustees, and the work cannot progress until the governor lays aside his other duties and takes up for consideration the question of a few pots of paint.

The law requires that the governor sign all the parole sheets before men are liberated from the various prisons of the state, even after they have completed the minimum time for which they were sentenced. All applications for notaries public—and there are some 65,000 of them in the state—are sent to the executive chamber, making necessary a whole department in the governor's office for the handling of the applications. There is a provision of law which requires the governor to sign all contracts for repairs and betterments in the state hospitals—not only sign the contract, but also the architect's blueprints. He knows nothing about it and signs them usually upon the recommendation of the state architect.

There is another important matter that deserves serious attention, that might be easily remedied. It would require only legislative action, either by amendment to the rules, or if not, by amendment of the legislative law, to prevent the dumping of a large number of bills into the executive chamber, giving the governor only thirty days to consider them. At the last session of the legislature I had 856 thirty-day bills. That meant that I was given only thirty days to consider 856 bills. My experience at the close of the last session showed me that the large number of bills left with me could not be intelligently disposed of unless I worked from 9:30 in the morning until 1 or 2 o'clock the following morning. It is too much of a strain to put on the governor, and leaves him useless for some time after.

The total net result of a New York governor's too-plentiful duties is that the great, big, prominent questions that affect the welfare of a commonwealth of over 10,000,000 people are subordinated to the small, tiresome and irritating tasks that are put upon the governor by statute.

## (c) CHESTER I. BARNARD

The Functions of the Executive<sup>40</sup>

*The fine art of executive decision consists in not deciding questions that are not now pertinent, in not deciding prematurely, in not making decision that cannot be made effective, and in not making decisions that others should make. Not to decide questions that are not pertinent at the time is uncommon good sense, though to raise them may be uncommon perspicacity. Not to decide questions prematurely is to refuse commitment of attitude or the development of prejudice. Not to make decisions that cannot be made effective is to refrain from destroying authority. Not to make decisions that others should make is to preserve morale, to develop competence, to fix responsibility, and to preserve authority.*

From this it may be seen that decisions fall into two major classes, positive decisions—to do something, to direct action, to cease action, to prevent action, and negative decisions, which are decisions not to decide. Both are inescapable; but the negative decisions are often largely unconscious, relatively nonlogical, ‘instinctive,’ “good sense.” It is because of the rejections that the selection is good.

The American manager traditionally has been conscious of this need to develop the ‘fine art of executive discretion’, that is, the art of administrative delegation. In 1798 Hamilton warned Secretary of War McHenry when the latter was “plunged in a vast mass of details” “It is essential to the success of the minister of a great department that he subdivide the objects of his care, distribute them among competent assistants, and content himself with a general but vigilant superintendence.”<sup>41</sup> The tendency to delegate disturbing details has sometimes been criticised, in army parlance, as “passing the buck” down the chain of command without actually making an effort to apply any foresighted managerial skill at the higher levels of responsibility and authority. There is probably nothing wrong in “passing the buck” providing it is divided before being passed on in such a way that the job is organized and managed in accordance with a definite procedure. Too many executives make the mistake of the British customs officer who, whenever he was confronted with a matter beyond his capacity, passed it on with the following order: “Let the proper officer take the proper action.”<sup>42</sup>

<sup>40</sup> Chester I. Barnard, *The Functions of the Executive*, p. 194. Reprinted by permission of Harvard University Press. Copyright, 1938, Harvard University Press.

<sup>41</sup> Letter, Alexander Hamilton to Secretary of War McHenry, July 30, 1798. *The Works of Alexander Hamilton*, vol. 6, p. 484.

<sup>42</sup> Stamp, “The Contrast between the Administration of Business and Public Affairs,” p. 161.

Effective administrators realize that it is the procedure, routine, detail that the administrator fails to foresee which causes him the greatest embarrassment. The Federalist Postmaster Timothy Pickering described the early American postal service in these terms: "In detail the business seems to be piddling; all its emoluments arising from trifles; altho' in the whole it is important; each trifle therefore demands a *patient attention*." <sup>43</sup> A similar warning was issued by Joseph Stalin to his Soviet managers: "It is further necessary that our business leaders control their enterprises not 'in general,' not 'in the air,' but concretely and objectively; . . . that they study the technique of the given matter and enter into its every detail and 'trifle,' for it is on 'trifles' that our great cause is now being built." <sup>44</sup>

### 13. PRACTICAL PRECEPTS OF MANAGEMENT

Are these managerial techniques subject to standard enumeration or are they rule-of-thumb practices that can be accumulated only by experience? This is an interesting pedagogical question reserved for the next chapter. Meanwhile, in one of his essays, written as early as 1600, the British philosopher, Francis Bacon, gives us his recommendations for efficient management procedures and practices.

#### (a) FRANCIS BACON

##### "Of Dispatch" <sup>45</sup>

Affected dispatch is one of the most dangerous things to business that can be: it is like that which the physicians call predigestion, or hasty digestion, which is sure to fill the body full of crudities, and secret seeds of diseases; therefore, measure not dispatch by the time of sitting, but by the advancement of the business; and as in races it is not the large stride, or high lift, that makes the speed, so in business, the keeping close to the matter, and not taking of it too much at once, procureth dispatch. It is the care of some, only to come off speedily for the time, or to contrive some false periods of business, because they may seem men of dispatch; but it is one thing to abbreviate by contracting, another by cutting off; and business so handled at several sittings or meetings goeth commonly backward and forward in an unsteady manner. I knew a wise man that had it for a byword, when he saw men hasten to a conclusion, 'Stay a little, that we may make an end the sooner.' On the other side, true dispatch is a rich thing; for time is the measure of business, as money is of wares; and business is bought at a dear hand where there is small dispatch.

<sup>43</sup> Pickering Papers, vol. 6, p. 43. Quoted by White: *The Federalists*, pp. 178-79.

<sup>44</sup> Joseph Stalin: *Stalin's Credo*. New York: Howell, Soskin and Co.; 1940, p. 139.

<sup>45</sup> Francis Bacon: "Of Dispatch." Bacon's Essays, Richard Whately, ed. Boston: Lee and Shepard; 1874, Essay 25, p. 267.

## (b) FRANCIS BACON

"Of Great Place"<sup>46</sup>

The vices of authority are chiefly four: delays, corruption, roughness, and [pliancy]. For delays, give easy access, keep times appointed go through with that which is in hand, and interlace not business but of necessity. For corruption, do not only bind thine own hands or thy servants' hands from taking but bind the hands of suitors also from offering, for integrity used doth the one, but integrity professed, and with a manifest detestation of bribery, doth the other, and avoid not only the fault, but the suspicion. Whosoever is found variable, and changeth manifestly without manifest cause, giveth suspicion of corruption, therefore, always, when thou changest thine opinion or course, profess it plainly, and declare it, together with the reasons that move thee to change, and do not think to steal it. A servant or a favorite, if he be inward, and no other apparent cause of esteem, is commonly thought but a by way to close corruption. For roughness, it is a needless cause of discontent: severity breedeth fear, but roughness breedeth hate. Even reproofs from authority ought to be grave, and not taunting. As for [pliancy], it is worse than bribery, for bribes come but now and then, but if importunity or idle respects lead a man, he shall never be without.

## (c) FRANCIS BACON

"Of Negotiating"<sup>47</sup>

It is generally better to deal by speech than by letter, and by the mediation of a third than by a man's self. Letters are good, when a man would draw an answer by letter back again, or when it may serve for a man's justification afterwards to produce his own letter, or where it may be danger to be interrupted, or heard by pieces. To deal in person is good, when a man's face breedeth regard, as commonly with inferiors, or in tender cases, where a man's eye upon the countenance of him with whom he speaketh may give him a direction how far to go, and generally, where a man will reserve to himself liberty, either to disavow or expound.

In choice of instruments, it is better to choose men of a plainer sort, that are like to do that that is committed to them, and to report back again faithfully the success, than those that are cunning to contrive out of other men's business somewhat to grace themselves, and will help the matter in report, for satisfaction sake. Use also such persons as affect the business wherein they are employed, for that quickeneth much, and such as are fit for the matter, as bold men for expostulation, fair spoken men for persuasion, crafty men for inquiry and observation, froward and absurd

<sup>46</sup> Francis Bacon "Of Great Place" *Bacon's Essays*, Essay 11, pp. 106-07.

<sup>47</sup> Francis Bacon "Of Negotiating" *Bacon's Essays*, Essay 47, selected from pp.



men for business that doth not well bear out itself. Use also such as have been lucky, and prevailed before in things wherein you have employed them; for that breeds confidence, and they will strive to maintain their prescription.

It is better to sound a person with whom one deals, afar off, than to fall upon the point at first, except you mean to surprise him by some short question. It is better dealing with men in appetite than with those that are where they would be. If a man deal with another upon conditions, the start of first performance is all. If you would work any man, you must either know his nature or fashions, and so lead him; or his ends, and so persuade him; or his weakness and disadvantages and so awe him. In dealing with cunning persons, we must ever consider their ends to interpret their speeches; and it is good to say little to them, and that which they least look for.

In all negotiations of difficulty, a man may not look to sow and reap at once, but must prepare business, and so ripen it by degrees.

Effective management thus requires attention to detail. Bacon was well aware, for example, of the importance of "tables and chairs" as well as "bowls and dishes." With reference to the management of commissions or committees he advised what every good conference executive or chairman knows today: "A long table and a square table, and seats about the walls, seem things of form but are things of substance; for at a long table, a few at the upper end, in effect, sway all the business; but in the other form there is more use of the counsellors' opinions that sit lower. A king, when he presides in council, let him beware how he opens his own inclination too much in that which he propoundeth; for else counsellors will but take the wind of him, and instead of giving free counsel, will sing him a song of placebo."<sup>48</sup>

#### 14. THE DANGER OF OVEREMPHASIZING PROCEDURES

Mastery of the practical methods suggested by philosophers like Francis Bacon is not enough to make management truly efficient. In 1937, the President's Committee on Administrative Management cautioned: "Administrative efficiency is not merely a matter of paper clips, time clocks, and standardized economies of motion. These are but minor gadgets. Real efficiency goes much deeper down. It must be built into the structure of government just as it is built into a piece of machinery."<sup>49</sup> Emphasizing this idea, Harold D. Smith points out

<sup>48</sup> Francis Bacon: "Of Counsel," Bacon's Essays, Essay 20.

<sup>49</sup> The President's Committee on Administrative Management: *Administrative Management in the Government of the United States*, p. 3.

below that neither organizational techniques nor systematic procedures are enough for completely efficient management

HAROLD D. SMITH

*The Management of Your Government*<sup>50</sup>

This brings me to my main thesis, the preoccupation of the managerial profession with techniques, methods, and means. In our society, characterized by big business and big government, considerable attention must be paid to techniques and methods in order to keep organization functioning. But this is a snowballing process. As the further refinement of managerial methods permits the construction of larger organizations, they, in turn, require more attention to managerial techniques.

The truly able managers are the ones who—by intuition, by hunch, by observation, by rule of thumb—can see and sense matters that do not yield to purely scientific gauges of management. They can evaluate objectives, they can stimulate the spirit of an organization—all without much reliance upon the tools of management.

Large organizations, both industrial and governmental, by their very size tend to stifle the creative and innovative drive of the individual. The rigidity of the rules, the routine methods themselves, place barriers before those who would be innovators. In part, this condition results from the fact that management techniques are so highly developed. With the remarkable systems contrived by the management experts it is possible, within limits, to guide and control the work of thousands of individuals. The techniques for conformity and uniformity, for standardization and specialization, are so formidable that the minds of only a relatively few persons in a great organization may actually be used to capacity. It is easy, under conditions of the most advanced management, to have within an organization a wholesale underutilization of brain power. And that may come about because of the very excellence of management mechanisms for formulating procedures and communicating instructions.

Apart from these problems of internal management, which may vex us in particular business enterprises or governmental departments, we ought to keep in mind the bearing on our entire way of life of the fact that we do have a highly organized society. The average person spends so many of his waking hours at work that the way of working is virtually a way of life. Organization, particularly large organization with its impersonal relationships, has in it potentialities of tyranny. A way of life that is governed minutely by prescribed procedures, by established routines and by detailed rules fixed by someone else can easily become a purposeless and dull existence. Moreover, it discourages the exercise of initiative and

<sup>50</sup> Harold D. Smith, *The Management of Your Government*. Selected from pp. 28-29, 33-35, 37. Reprinted by permission of McGraw-Hill Book Company, Inc. Copyright, 1945, McGraw-Hill Book Company, Inc.

may reward unthinking conformity. This situation may make it easy for the managers but dull or even unbearable for the managed. And one must always remember that in the last analysis managers exist at the tolerance of the managed.

The major weakness that I have pointed out is the tendency to lose sight of the main objectives by overconcentration on procedures and forms. This concentration has caused a rigidity of approach that stifles initiative and innovation; it may affect the outlook of the mass of individuals in great organizations and thus have a wide social significance. Furthermore, this emphasis on procedures, both in training and practice, has been one cause for the scarcity of top managers. From all this one must conclude that a fresh approach is called for, that new vision is essential.



This need is a national one and is not readily answered. A well-managed society is both a systematic society and a sympathetic society, but we cannot always attain both objectives simultaneously. Moreover, a basic psychological difficulty may be apparent here in the type of mind required for the modern manager. As Paul Pigors has pointed out, the administrator, in carrying out his function of "stabilizing society," sometimes shuns "innovations."<sup>51</sup> He adopts a "love of system" as his "most salient characteristic." Pigors describes the administrator's state of mind in these terms: "This discriminating respect for details as constituent parts of a whole is expressed in his own conduct, a carefully co-ordinated system of habits adapted to his purpose. Because they are important to his whole scheme of life, he insists for himself and for others on such apparently trivial details as punctuality, neatness, unhurried efficiency, accuracy, and finished performance."<sup>52</sup> Can such minds make the transition, which Smith is seeking, from a preoccupation with managerial procedures to the "fresh approach" and the "new vision" required to answer the unfulfilled needs of a society that is constantly aspiring to a better way of life?

## SUMMARY

The paradox of contemporary administration is this: As we ask our society to undertake larger and larger programs, we are compelled to concern ourselves with smaller and smaller routines. This is the fate not only of management procedures but of management techniques as a whole. We have noted a similar proliferation in legal

<sup>51</sup> See Chapter 1.

<sup>52</sup> Pigors: *Leadership or Domination*, p. 259.

procedures, research, reporting, and public relations techniques, administrative planning, budgeting and financial controls, and personnel management. We may be able to extend the boundaries of human effort and raise the hopes of people everywhere, but only at the expense of deepening our interests in the humbler questions of management technique.

## CONCLUSION

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## THE STUDY OF ADMINISTRATION

## CHAPTER TWENTY

### THE STUDY OF ADMINISTRATION

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THIS BOOK has dealt with the subject of administration, but can one study about administration and thereby learn to administer? Professor George A. Graham, an American authority on training for administration, has rightly warned those concerned about educating our administrators: "It is one thing to instruct the spectator, and another to coach the rider."<sup>1</sup>

Before we can determine if administration can be taught or the administrator trained, we must first establish administration as a professional field of knowledge or as a recognized science. Readers who are acquainted with the controversies now raging among educators as to whether certain established fields—medicine, engineering, law, business, teaching, the ministry—are professions or vocations, trades or skills, arts or sciences, will recognize in this question a major issue. But by the same token those readers who are familiar with the history of thought and the vocations will not be overwhelmed by these controversies. The children's rhyme—"Rich man, poor man, beggar man, thief; doctor, lawyer, merchant, chief"—was properly irreverent in grouping together all of these situations, including that of the "chief" or administrator. Nothing is more assuring about education in this field than the fact that the recognized professions have all had questionable scientific origins; and, as any attendance at the professional conventions of even the most "scientific" of the professions, such as medicine, will demonstrate, scientific uncertainties and pedagogical conflicts still harass these more established fields.

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<sup>1</sup> George A. Graham: *Education for Public Administration*. Chicago: Public Administration Service; 1941, p. 17.

# 1 SCIENTIFIC ASPIRATIONS OF ADMINISTRATION

The defense of administration as a science, or at least as an emerging science, comes from various sources. Here is a statement on the subject by Reginald E. Gillmor, whose career has combined several "professions." Mr. Gillmor was trained as a naval officer at Annapolis, has had experience in engineering and industrial management as president of the Sperry Gyroscope Company, and has been employed in the field of public administration as Vice-Chairman of the National Security Resources Board.

REGINALD E. GILLMOR

## "The Ultimate Science"\*

The science of which I speak has no name although it has occupied men's thought since the dawn of history. It is not yet a true science although everything that has been done in all the sciences, arts and philosophies has contributed to it. Its objective is order—order among men, order which will permit their free co-operation and the release and utilization of all their varied talents and skills, order which will make possible the realization of the great potentialities for good that their progress toward order has already created, potentialities that will be multiplied beyond present comprehension by the attainment of higher degrees of order. The instruments of this potential science of order are now known by such vague and unsatisfactory terms as government, management, organization and administration. Administration is the broadest of these terms and can therefore be used to include all the others. It is the more suitable because its origin implies that it should be a ministry to bring order into the relations of man.

Administration is at present a very approximate art. It has no laws which have been verified by exact observation. The principles, or more correctly precepts which have been evolved by students of the subject are not generally accepted or even known to the great majority of administrators. Society does not recognize any profession of administration or the desirability of establishing any qualifications for administrators. Because of some other powers or qualifications, men often arrive in important administrative positions with little knowledge of administrative principles and frequently without administrative experience or aptitude.

Will administration ever be a science and if so what will be the general character of that science and its resultant effect on mankind? The lack of general agreement on administrative principles is comparable to the absence of agreement several hundred years ago on many of the laws of

\* Reginald E. Gillmor, "The Ultimate Science," *Advanced Management*, June 1947, vol. 12, adapted from pp. 53-55. Reprinted by permission.

physics. Extremely rapid progress has been made in physics by the technique of separating variables, measuring each with precision and proving all tenets by reproducible experiments. No corresponding technique is available for establishing a science of administration. It must not be forgotten, however, that all the sciences had their beginning in faith and imagination without proof, and that to those who held that faith, progress must have seemed very slow. Judged historically, the art of administration has progressed very rapidly and is now progressing with an increasing exponent. It seems to me that this progress is an extension of fundamental phenomena of progress which justify the prediction of an ultimate science of administration.



At least two objections can be raised at this point: first, here is a recognized admission that the status of administration as a field of study is a confused one since it is termed interchangeably "art," "science," "skill," and "profession"; and secondly, administration cannot stand alone as a recognized field of knowledge but must depend upon "all the sciences, arts and philosophies" and upon "varied talents and skills." Without engaging in the unrewarding process of distinguishing and defining all of these terms, we must point out that the more established professions, such as engineering or medicine, are recognized by their practitioners as being simultaneously "science," "art," "profession," and even "business."<sup>3</sup> Moreover, the recognized professions consist of a mixture of other disciplines or sciences. Some of their related sciences, such as psychology in medicine or management in engineering, are not so much scientific subdivisions of these professions as derivatives from the very field of "administration" or "social science" whose scientific or professional status is being questioned.<sup>4</sup> Sometimes the recognized professions or sciences are in reality a mixture of many specialties. The physician and the psychiatrist, for example, exercise techniques and utilize bodies of data which differ more drastically than medical science differs from social science or engineering from administration.

It may properly be asked whether there is a major scientific core

<sup>3</sup> Clement C. Williams: "The Profession of Engineering." *Essays in Science and Engineering*, Franz Montgomery and Luther N. Becklund, eds. New York: Farrar and Rinehart; 1938, pp. 191-92. Albert J. Himes: "The Engineer and His Profession." *Engineering as a Career*, F. H. Newell and C. E. Drayer, eds. New York: D. Van Nostrand Company, Inc.; 1916; pp. 1-2. J. A. L. Waddell: "The Relations of Civil Engineering to Other Branches of Science." *Addresses to Engineering Students*. Kansas City, Mo.; 1912, pp. 257-60.

<sup>4</sup> Richard Harrison Sliryoek: *The Development of Modern Medicine: An Interpretation of the Social and Scientific Factors Involved*. New York: Alfred A. Knopf; 1947, p. viii. Harvey Cushing: *The Medical Career*. Boston: Little, Brown and Company; 1940, pp. 3-10, 155-64. William H. Welch: "The Interdependence of Medicine and Other Sciences of Nature." *Medical Research and Education*, J. McKee Cattell, ed. New York: The Science Press; 1913, pp. 140-45.



to this field of administration. The answer may again be found in a comparison with the recognized professions. In medicine, the core subjects may be said to include biology or physiology and chemistry plus a subject like psychology. In engineering, the subjects include physics and mathematics in addition to chemistry and management or administration. In administration, the core subjects are psychology and other social sciences plus statistics or mathematics. Analyzed in this manner, the contents of these professional fields represent a chain reaction of core subjects or intellectual disciplines. Nevertheless, the core is more readily recognized in the established professions as compared with administration.

Perhaps the best way to discover the core content of administration is to ask how administrators have been trained in the past, since the history of administration suggests that it is an older "vocation" than some of the professions that supersede it in the recognized scale of employment.<sup>6</sup> Five recognized fields, singly or in combination, seem to have constituted the core subjects of administration: (1) the classical studies or humanities; (2) the legal studies; (3) political science or public administration; (4) economics or business administration; (5) the social sciences, including psychology and social statistics.

## 2. CLASSICAL STUDIES AND ADMINISTRATION

The classical studies, including the arts and literature, seem remote from administration, but they have been regarded throughout history as important subjects for training administrators, if not for teaching administration. It will be recalled that Plato's curriculum for the "guardians" of the Greek city-state included music<sup>7</sup> as well as gymnastics, mathematics, and philosophy. In the Middle Ages, the arts along with the "superior faculties" (in effect, the professional schools) of theology, law, and medicine, constituted the university curriculum;<sup>8</sup> and of these, law and theology along with the arts, such as literature, furnished the higher training for the clerks and administrators who managed the society of that day. To excel in literature was in fourteenth century England a good means of obtaining a sinecure or a responsible post in the king's service, as was the case with Geoffrey Chaucer,<sup>9</sup> author of *The Canterbury Tales*. In the

<sup>6</sup> See Chapter 4.

<sup>7</sup> See Chapter 14.

<sup>8</sup> Hastings Rashdall *The Universities of Europe in the Middle Ages*. Oxford. Clarendon Press, 1936, vol. 1, pp. 7, 241, 322.

<sup>9</sup> Thomas Frederick Tout "Literature and Learning in the English Civil Service in the Fourteenth Century." *Speculum*, October 1929, vol. 4, pp. 368-70.

United States, by contrast, we recall only exceptional cases like that of Nathaniel Hawthorne, who in 1846 accepted the post of United States Customs Officer at the port of Salem, where he conceived and wrote the American classic *The Scarlet Letter*.<sup>9</sup>

The English have long continued to emphasize and employ the classics for the education of their administrators. Their views on administrative studies were well stated by (a) the British historian and parliamentarian Thomas Babington Macaulay in 1833; and reiterated by (b) a Royal commission in 1914, and (c) a Treasury Committee in 1917.

### (a) THOMAS BABINGTON MACAULAY

#### Proposals for the Training of Civil Servants<sup>10</sup>

*It is said, I know, that examinations in Latin, in Greek, and in mathematics are no tests of what men will prove to be in life. I am perfectly aware that they are not infallible tests: but that they are tests I confidently maintain. Look at every walk of life, at this House [Commons], at the other House [Lords], at the Bar, at the Bench, at the Church, and see whether it be not true that those who attain high distinction in the world were generally men who were distinguished in their academic career.*

Whether the English system of education be good or bad is not now the question. Perhaps I may think that too much time is given to the ancient languages and to the abstract sciences. But what then? Whatever be the languages, whatever be the sciences, which it is, in any age or country, the fashion to teach, the persons who become the greatest proficient in those languages and those sciences will generally be the flower of the youth, the most acute, the most industrious, the most ambitious of honorable distinctions. If the Ptolemaic system were taught at Cambridge instead of the Newtonian, the senior wrangler [honor student] would nevertheless be in general a superior man to the wooden spoon [mediocre student]. If, instead of learning Greek, we learned Cherokee, the man who understood the Cherokee best, who made the most correct and melodious Cherokee verses, who comprehended most accurately the effect of the Cherokee particles, would generally be a superior man to him who was destitute of these accomplishments. If astrology were taught at our Universities, the young man who cast nativities best would generally turn out a superior man. If alchemy were taught, the young man who showed most

<sup>9</sup> Nathaniel Hawthorne: "The Customs House." Introduction. Hawthorne had also served as weigher and gauger at the Boston Customs office between 1839 and 1841.

<sup>10</sup> Thomas Babington Macaulay: *Critical and Historical Essays, Miscellanies*, vol. 1, selected from pp. 154-56. Reprinted by permission of Houghton Mifflin Company. Copyright, 1900, Houghton Mifflin Company.

activity in the pursuit of the philosopher's stone would generally turn out a superior man

**(b) Report of the Royal Commission on the Civil Service<sup>11</sup>**

The best education taken in conjunction with the training and formative influences of University life produces the best type of public servant. This conclusion is confirmed by a consensus of opinion on the part of those witnesses who appeared before us having administrative and ministerial experience, and by some interesting evidence as to the increasing value attached in the commercial world to University training and education.

We accept the conclusion as just in the main. Instances have occurred in the past, and doubtless will occur again, of the recruitment, through the Class I examination, of men who, without the advantage of University training, have proved distinguished public servants. But they are the exceptions. Experience shows that as a rule the best University training ripens natural ability and develops administrative capacity, and it is for this reason that we have urged above that facilities should be provided for the most promising boys of the primary and secondary schools of the country to get to the Universities and enjoy the advantages of their teaching. We cannot too earnestly repeat that it is not by lowering the educational standard of the highest ranks of the Civil Service, but only by enabling the clever sons of poor parents to benefit by University training and thereby enter the Civil Service, that the interests of democracy and of the public service can and ought to be reconciled.

**(c) Report of the Committee of the Treasury<sup>12</sup>**

The existing scheme has been condemned on the ground that it gives an excessive advantage to candidates chiefly trained in the learning of ancient Greece and Rome. Some no doubt would wish us to put the Classics at a disadvantage, or to exclude them altogether from the examination. We are not inclined, nor do we think it to be our duty, to put any handicap on the widest, the most systematic, and the most consistent humanistic education that at present exists in this country. We shall make the attempt to put similar and equivalent learning to modern peoples on an equal footing with classical learning. But we cannot thereby alter existing conditions, though we may assist by our action the improvement and development of a consistent and continuous education in the language, literature, and history, of the most important European nations. We can not expect forthwith to find many candidates thoroughly trained in the

<sup>11</sup> United Kingdom Parliamentary Papers. *Fourth Report of the Royal Commission on the Civil Service* 1914. Cd 7338.

<sup>12</sup> United Kingdom Parliamentary Papers. *Report of the Committee appointed by the Lords Commissioners of His Majesty's Treasury* 1917, Cd 8657.

language, the scholarship, the thought, the social and economic history even of France, as men are now trained in the like learning that appertains to Greece. To teach the Classical learning and develop Classical scholarship there was at work in 1914 a great band of scholars equipped by the tradition, the organised learning, and the experience, of four hundred years. We cannot create for the Modern Languages an equivalent staff of teachers by altering an examination. A large proportion of the most able students have gone in the past to the Classics, and we cannot alter the national habits, the prepossessions, and the system, that have caused the most gifted among literary students to follow the ancient studies. But we can give an equal opportunity to modern studies; the schools and Universities must do the rest; if the nation desires enlightenment and sound training to proceed from modern studies it will no doubt in course of time obtain what it desires, provided it is prepared to use the requisite means.

The intervening years have seen the introduction of modern and "professional" courses for the training of British administrators and also the admission of more members to the administrative class who do not wear "the old school tie." Nevertheless, the British have continued to favor general classical or "cultural" training. Their examination and training systems reflect this preference. When the American type of short-answer or yes-and-no question was introduced in the late 1920's, it provoked "an uproar of criticism."<sup>13</sup> Although the British have discovered that their post-war requirements call for more expertly trained managers, they still seek to develop as their top administrators men broadly educated in the "historical and humanistic" fields, including "present-day knowledge."<sup>14</sup>

American educators interested in training administrators would refer to "present-day knowledge" as the social sciences. In contradistinction to the British they would, as we shall see, give more weight to these sciences in the training of administrators, without, however, wholly deserting the classical studies or the humanities.

### 3. ADMINISTRATIVE TRAINING AND LEGAL EDUCATION

A strong influence upon the American study of administration has been the tradition of legal education derived from the later German educational system, as well as the earlier British impact upon American legal institutions. The German or continental system of relating legal education to administrative training is described below by (a) Professor Carl J. Friedrich of Harvard University and (b) Professor Arnold Brecht of the New School for Social Research.

<sup>13</sup> Curtis: "American Office Management," p. 186.

<sup>14</sup> Arnold Brecht: "Civil Service." Note 16, *Infra.*, p. 217.

## (a) CARL J. FRIEDRICH

The Continental Tradition<sup>13</sup>

Frequent references are made to the "continental tradition of legal training for governmental service." Sometimes, though not often, such remarks are offered in support of the contention that legal training of the kind offered in American law schools would be the most acceptable preparation for general administrative work. In conjunction with the fact that lawyers are frequently found in key positions in the federal and state services and dominate in the legislatures, it is argued that the highly successful administrative services of Germany and other European countries are built around legally trained men, at least in the higher ranks.

It is customary, even in Europe, to assume that legal training of public officials was adopted as soon as regularized training commenced. This is quite incorrect. Indeed, the courses in political theory, in philosophy of law, and in economics are older, as prerequisites of trained government personnel, than the more elaborate legal training offered today. Training requirements for administrative officials in Prussia and Austria (and they are broadly characteristic of the continental practice) centered around a subject known as *cameralia*. Cameralism was primarily a kind of descriptive economics, built upon the principles of mercantilism. Public finance and governmental expenditures, as well as practical principles of administrative management, stood in the center of this subject. Political theory and administrative science were thus intimately intertwined, and both were bent toward the practical task of training governmental officials.

Neither in Austria nor in Prussia (with which we shall here be primarily concerned) is this transformation from cameralist to legal training marked by explicit enactments. It was a gradual process. In 1780 a comprehensive program for legal studies was adopted at Vienna. It comprised four years and offered, during the first year, natural law and the law of nations and constitutional law (*Staatsrecht*), criminal law, and German legal history, during the second year, Roman law and ecclesiastical law, during the third year, feudal land law, German constitutional law, and Austrian private law, and, during the fourth year, political sciences and statistics. The change was completed in the reign of Francis II of Austria before 1809 when in all administrative branches legal training was required by law for officials in the higher rank groups. In Prussia it came about somewhat later, after the reforms of Baron Stein, who himself still favored a different training for administrative than for judicial officials.

In conclusion it may be well to call attention once more to the fact that the "legal" training in continental Europe is the child of a highly

<sup>13</sup> Carl J. Friedrich, "The Continental Tradition of Training Administrators in Law and Jurisprudence," *Journal of Modern History*, June 1939, vol. 11, adapted from pp. 129-31, 135-36, 144-45, 147-48. Reprinted by permission.

centralized administrative system, such as was built by absolute monarchy in the course of the seventeenth and eighteenth centuries. In France, where the trend had been different, the revolution and Napoleon brought about what the Prussian and Austrian princes had accomplished just two generations earlier. All other European countries are found to follow this tradition sooner or later, so that by the middle of the nineteenth century there exists a fairly uniform pattern. Only England, of the great countries, had retained a semi-feudal tradition, which after 1850 she refashioned with startling drive along wholly particular lines.

Training in the law is a striking expression of the modern emphasis upon law as the foundation of government. But it should never be forgotten by those who cite this background and experience that the word "law," or rather "jurisprudence," possesses a breadth which is essential to its meaningful employment in this connection. It comprises a very considerable part of the social sciences, more particularly political science and theory, economic theory and history, and administrative science.

### (b) ARNOLD BRECHT

#### "Civil Service" <sup>16</sup>

It is a mistake to consider legal practice as the salient point in the German system [of training administrators]. Two other aspects of the training period call for more attention in other countries. One is the systematic transfer of the young aspirant, [Referendar] who may be supposed to be of an age between 21 and 26, from one office and place to another for about four years. Starting in a small court in a country place he has to pass to a district court, perhaps in a middle sized town, subsequently to the office of a state attorney, then to that of a lawyer in private practice, further to a big lower court in a city, and to a court of appeals. Some of the stages may be spent instead in lower or higher administrative agencies, national, state or local. This systematic training conveys to the aspirant much more than legal knowledge, that is, an insight into the conditions and needs of large and small places, of townsmen and countrymen, of manufacturers and farmers, of workers and entrepreneurs, of large and small agencies, and it gives him also a knowledge of many types of superiors, comrades and methods of work.

During this period the most valuable subject of the training itself is in my opinion not the legal routine but the art of offering clear reports in writing and orally. The young Referendar is required to present reports clearly and objectively so as to supply any board or commission with an unbiased basis for decision. The art of writing such reports has been developed through centuries to a very high degree, sometimes overreaching

<sup>16</sup> Arnold Brecht: "Civil Service." *Social Research*, May 1936, vol. 3, selected from pp. 214-16. Reprinted by permission.

itself. There is no fun in it. It is necessary to be objective and exhaustive, nevertheless extremely terse and brief. The non-controversial parts of any dispute are to be sharply severed from the controversial parts, both in turn from the evidence and all three from the opinion. For some hundred years the chief test for the training period was the *Proberelation* (test report) a paper consisting of a report, an opinion and a draft for the ruling to be passed, with very strict requirements for the differences in form and style appropriate to each of the three parts.

Independent of the continental experience, legal education in the United States has flourished from the beginning as a background for both public service and private management. Thomas Jefferson's advice, written in 1787 from Paris to young Thomas Randolph, is still freely given to the great number of Americans who go to law school without intending merely to practice law. 'I have proposed to you to carry on the study of the law with that of Politics and History. Every political measure will forever have an intimate connection with the laws of the land, and he who knows nothing of these will always be perplexed and often foiled by adversaries having the advantage of that knowledge over him. Besides it is a source of infinite comfort to reflect that under every change of fortune [change of political party] we have a resource in ourselves from which we may be able to derive an honourable subsistence.' <sup>17</sup> A decade before, President Ezra Stiles of Yale had tried unsuccessfully to found a law school, at New Haven and had argued 'The Professorship of Law is equally important with that of Medicine, not indeed towards educating Lawyers or Barristers, but for forming Civilians. Fewer than a quarter perhaps of the young gentlemen educated at College, enter into either of the learned professions of Divinity, Law or Physic. The greater part of them after finishing the academic Course return home, mix in with the body of the public, and enter upon Commerce or the cultivation of their Estates.' <sup>18</sup>

The persistence of lawyer dominated legislatures in America and the large numbers of lawyers occupying policy positions in both government and business administration attest to the correctness, if not the soundness, of the recommendations of Jefferson and Stiles. <sup>19</sup>

<sup>17</sup> Letter from Thomas Jefferson to Thomas Randolph July 6 1787 *The Works of Thomas Jefferson* vol 6 p 167

<sup>18</sup> Ezra Stiles *Plan of an University* December 3 1777 Quoted in Charles Warren *A History of the American Bar* Boston Little Brown and Company 1911 appendix

<sup>19</sup> Esther Lucile Brown *Lawyers Law Schools and the Public Service* New York Russell Sage Foundation 1948 Chapter 1

#### 4. TRAINING FOR PUBLIC ADMINISTRATION

The American approach to administrative studies has come to be a more direct one. Reflecting the pragmatism of American thought, a favored educational theory emerging in this country for the training of administrators has been to introduce them directly to those subjects they encounter in their daily jobs; in other words, the way to train administrators is to teach them administration. It is significant that while American law schools were recognized as among the earliest "schools" of public administration, the first president of the United States was not a lawyer. He rose to his position from the more practical fields of civil and military engineering, land management, and plantation administration. George Washington at seventeen applied to the College of William and Mary for a course in land surveying. His "appointment" thereto was regarded as "the equivalent of a degree in civil engineering."<sup>20</sup> Basing his career on this training, Washington became successively surveyor of the public lands on the Virginia frontier, military commander and emissary to the French in the frontier area, colonizer of and trader in western lands, commander-in-chief of the Virginia forces, commander-in-chief of the Continental armies, and finally the first Chief Executive of the United States.

(a) This urge for more practical and concrete education in public administration since the early days of the Republic has been demonstrated by the historian and political scientist, Herbert B. Adams, in his brilliant history of the College of William and Mary, written in 1887.

(b) This early attempt to establish professional training for public administration in the American universities was not immediately rewarded with success. It was not until the early part of the twentieth century that the American universities seriously undertook to educate directly public administrators in the subject-matter of their field. The current system of American education for public administration, patterned after the successful program of research and training developed by the New York Bureau of Municipal Research and the New York Training School for Public Service, was outlined as early as 1925 by Professor F. F. Blachly. Professor Blachly wrote largely for British readers, who by this time had become interested in emulating certain elements of the American system.

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<sup>20</sup> Herbert B. Adams: *The College of William and Mary*. *Infra*, n. 21, p. 30.



## (a) HERBERT B ADAMS

The College of William and Mary<sup>21</sup>

The College of William and Mary and the town of Williamsburg grew and flourished together, the one aiding the other in a thousand ways. The college appreciated what the General Assembly called 'the conveniences of a town' and the whole colony quickly learned to value educational privileges for its ambitious sons. At the first Commencement of the College, in 1700," says Campbell, one of the historians of Virginia, there was a great concourse of people, several planters came thither in coaches, and others in sloops from New York, Pennsylvania, and Maryland, it being a new thing in that part of America to hear graduates perform their exercises. The Indians had the curiosity, some of them, to visit Williamsburg upon that occasion and the whole country rejoiced, as if they had some relish of learning. It is greatly to the honor of the founders and builders of the College of William and Mary that they applied so early in the eighteenth century the idea of education in a social, municipal, and political environment. Williamsburg was the first exponent of a noble educational policy, to which this country will sooner or later return.

In colonial Virginia there was an *entente cordiale* between the college, the church, and the state. The clergy held their conventions in the college buildings, and, before the capitol was built, the House of Burgesses used to assemble in the academic halls. The head of the college was the head of the church in Virginia, and there was a representative of the college in the House of Burgesses down to the Revolution. Never before or since in this country was there such a constant object lesson for students in the art of government and in the constitution of society. The College of William and Mary, almost from its original planting, was a unique seminary of history and politics—of history in the very making, of politics in the praxis. The young Virginians did not study text books of historical and political science. They observed the real things. The proceedings of their fathers at the capitol were to the sons analogous to those living processes of nature that are observed under the microscope in the modern biological laboratory.

Probably one of the very best types of the early professor in the College of William and Mary is the Rev. Hugh Jones [who] was appointed to the chair of mathematics. Professor Jones was not altogether satisfied with the existing system of education at the College of William and Mary. He proposed that one of the six professorships be devoted to the subject of history, but what is more surprising, he actually proposed that the college should be recognized as the training school for the civil service of the colony. The following are the professor's own words [written in

<sup>21</sup> Herbert B. Adams, *The College of William and Mary*. United States Bureau of Education Circular of Information No. 1, 1887. Adapted from pp. 21, 26-28, 38-39.

1724] "The Charter mentions six masters or professors, but does not specify the professions; it directs to the making of statutes and founding scholarships, but the particulars are left to the discretion of the managers; and some such establishment as this here mentioned may not be improper, especially if for greater encouragement the surveyors of each county were to be appointed by the president and masters, out of such as have taken a Bachelor of Arts degree there; and if the Governor and Council were to elect a certain number of Bachelors for clerks into the Secretaries office; out of which clerks attending and writing there at certain times, the county clerks should be appointed.

Jefferson's interest in the cause which William and Mary originally represented to his mind was doubtless strengthened by the more successful part which he took in remodelling the scholastic curriculum of the college in the interest of modern studies, of which he was the first American champion. "On the 1st of June, 1779," he says in his autobiography, "Being elected also one of the visitors of William and Mary College, a self-electing body, I effected, during my residence in Williamsburg that year, a change in the organization of that institution, by abolishing the grammar school and the two professorships of divinity and oriental languages, and substituting a professorship of law and police, one of anatomy, medicine, and chemistry, and one of modern languages; and the charter confining us to six professorships, we added the law of nature and nations and the fine arts, to the duties of the moral professor, and natural history to those of the professor of mathematics and natural philosophy." Thus Jefferson introduced the first distinctively modern currents into the curriculum of William and Mary. Police was much the same as the modern science of administration, which is just beginning anew to creep into our university courses in America. What the German would call *Polizeiwissenschaft*, was taught for nearly a century at the College of William and Mary under the head of "police." That name would probably suggest nothing but constabulary associations to most college faculties in these modern days.

## (b) FREDERICK F. BLACHLY

### "Educational Training for Administration in America"<sup>22</sup>

In both England and the United States, contemporary opinion is divided as to the proper educational foundation for persons who expect to enter the public service. The discussion seems to range about the question, whether a mind trained in the classical and literary tradition of the older universities is better fitted to deal with administrative problems and details than a mind with less of this training, but a certain equipment of direct study of comparative political and administrative theory. The

<sup>22</sup> Frederick F. Blachly: "Educational Training for Administration in America." *Public Administration*, 1925, vol. 3, pp. 159-163. Reprinted by permission.

number of courses in the various branches of political science which have been introduced into our American universities during the past ten or fifteen years are strong evidence that in general our educational leaders believe in special and direct education for administrators.

At the outset it should be understood that in no university are such courses offered as a substitute for a general education. Practically all our schools require every student to take certain courses which are considered indispensable to a man or woman living in the world today, and permit him to choose, in addition to these courses, a subject of major interest to which most of his remaining time is given. The aim is to give every student a broad general education and a special knowledge of one subject. The courses in administration are never offered to beginners, and there is a growing tendency, which the writer believes to be a wise one, to confine them to mature students and to develop the more specialized ones as post graduate work.

To acquire indirectly a thorough and correct knowledge of the principles of administration may require many years, whereas if the study is organized, a year or so of intelligent work may acquaint the student with practically all the problems involved and the methods that have been found best for their solution. One would hardly trust a physician today whose entire knowledge was the result of practical experience, even though he were a university graduate in the classics. Similarly, a public servant should at least know the experience of the race in administration, in the same way that a doctor knows the results of the universal experience in medicine, before he enters on the practice of his profession.

Strong positive reasons for adopting the direct method of teaching administration are also presented. The first of these is, that there is probably no study which develops the qualities of mind needed by an administrator more than the study of administration. Such problems as the following must be considered: What should be the relationship of the central authority to the local authority? Should general or detailed examinations be given to civil servants? Why is the merit system more effective in securing a good personnel than the patronage system? What factors make the English budget system better than the Canadian or French budget system? Should civil servants be allowed to strike? What part should civil servants have in the determination of their wages, hours of employment, conditions of work, pension systems, and so on? These questions and a thousand like them must be discussed in the study of administration. Nothing involves a keener analysis, a more careful logic, a greater ability to understand human nature, to make significant comparisons, and to hold many facts in mind at the same time for the purpose of making significant deductions than such study. Both the historical and the comparative methods are used in American courses in administration, as it is felt that no administrator can understand the governmental organization with which he is dealing, except in the light of its own historic development, and of the institutions of other countries.

The second reason why administration is emphasized as a university subject is the already large and rapidly growing methodology, which should be mastered by one who holds any responsible position in public service. This methodology involves the knowledge of general accounting, cost accounting, the ability to look up cases in law reports, and the ability to prepare charts and diagrams in order to present statistical material so that it can be readily understood. In fact these are the tools of a modern administrator. With a knowledge of the large principles governing administration and a good understanding of the methods by which administrative knowledge is gathered, collected and made significant, the young administrator should be able to go into his work with a preparation which it would take long years in the service to acquire, and the whole of which he probably would never acquire outside the university.

The study of administration, moreover, is not confined to the universities. Municipal and governmental research bureaus some of which are closely affiliated with universities, are all making careful and scientific studies of special problems in governmental administration, and several of them are offering specialized courses of study to students selected for maturity and ability. The city officials of many states are grouped into state municipal leagues eagerly attacking their administrative problems; a city managers' association holds annual conventions and discusses carefully problems of city administration; and national and regional political science associations meet to discuss the same kind of problems.

Indeed, so "practical" did the American system of educating for public administration become that it encouraged "internship" in administrative office as a part of the curriculum, with the same seriousness as the German system of training *referendar*. Charles A. Beard, as Director of the New York Training School for Public Service, urged in 1916 the granting of "academic credit for the practical work" of this kind, and he made such "laboratory work" an integral part of his school's curriculum.<sup>23</sup> The development of administrative internship has been a slow one, but by 1948, out of 117 American colleges and universities offering educational preparation for public administration, more than forty provided internship programs and thirty others offered field or laboratory courses for students.<sup>24</sup> The current system includes internships administered by several state universities in conjunction with state and municipal departments, as well as the internships administered under Federal agencies such as the United States Civil Service Commission or the Tennessee Valley Authority.

<sup>23</sup> Charles A. Beard: "Training for Efficient Public Service." *Annals of the American Academy of Political and Social Science*: "Public Administration and Partisan Politics," 1916, vol. 64, pp. 221-22.

<sup>24</sup> Tabulated from Joseph S. Toner: *Educational Preparation for Public Administration*, 1948-49. Chicago: Public Administration Clearing House; 1948.

Along with a growing interest in post-entry or in service training for public officials, administrative internship is potentially a most fruitful opportunity for the development of American education for public administration. If successful, it promises to revive the abortive recommendations of Professor Jones at William and Mary two centuries ago.

Jefferson did not realize his hopes of developing at the College of William and Mary or at the University of Virginia the field of police or administration as part of the course in law, even though he repeated his efforts as late as 1825.<sup>25</sup> The established claim of public administration as a recognized professional branch of the American university's curriculum did not appear until Woodrow Wilson predicted in 1886: "The time will soon come when no college of respectability can afford to do without a well filled chair of political science. A technically schooled civil service will presently become indispensable."<sup>26</sup> The movement, when it did start, was not entirely indigenous. Between 1880 and 1900 most of the leading American scholars in public law, political science, and public administration pursued their graduate studies in Germany.<sup>27</sup> Not all of those scholars trained at German universities specialized in administration, but they all held a healthy respect for German *Verwaltungswissenschaft* or administrative science. Consequently, the field of public administration came to be accepted as a major field in American university departments of political science, along with the other specialized fields such as public law, political philosophy, politics, and later international relations.<sup>28</sup>

By the late 1940's,<sup>29</sup> public administration had become a leading field of study at the graduate level in university departments of political science.

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<sup>25</sup> Ernest V. Hollis, *Toward Improving Ph.D. Programs* (Washington: American Council on Education, 1945), p. 5.

<sup>26</sup> Wilson, *The Study of Administration*, pp. 215-16.

<sup>27</sup> This group included Professors Herbert B. Adams, Frank J. Goodnow, John W. Burgess, Edmund J. James, Ernest M. Freund, Paul S. Reinsch, William B. Munro, and Charles E. Merriam. It did not include such outstanding men as A. Lawrence Lowell or Woodrow Wilson. For general references to the influence of the *Herren Doktoren* from the German universities, see Anna Haddow, *Political Science in American Colleges and Universities, 1636-1900* (New York: D. Appleton-Century Company, 1939), pp. 171-2, 175, 229.

<sup>28</sup> For the details of this development, see Haddow, *Political Science in American Colleges and Universities*, Part IV. See also Beard, *Public Policy and General Welfare*, p. 152.

<sup>29</sup> For the intervening development, see Graham, *Education for Public Administration*; Joseph E. McLean, *The Public Service and University Education* (Princeton: Princeton University Press, 1949); United States Bureau of Education, *University Training for Public Service*, Bulletin No. 30, 1916; *Public Administrative Service Training for the Public Service*, Pamphlet No. 49, 1935; Princeton University, *University Education and the Public Service*, Bicentennial Conference Series 2, Conference 1, 1946.

ical science, preceded only by the number of candidates for Ph.D's in international affairs, a field which also dealt with the problem of administration. At the undergraduate level, too, the development of public administration had become institutional as well as curricular and was beginning to resemble the growth of more recognized professional fields like business administration. Of the 117 colleges or universities with a public administration program in 1948, almost one hundred offered a bachelor's degree for major concentration in public administration; more than eighty offered master's degrees in the same field, several calling the degree by the new title of "Master of Public Administration"; and thirty-five offered the degree of doctor of philosophy for students in public administration, several terming the degree that of "Doctor of Public Administration."

A few universities now have separate colleges or schools of public administration which, like the independent professional schools of law, business administration, and engineering, segregate the undergraduate and graduate curriculum in administration from the arts and sciences. Nevertheless, public administration lags far behind as a recognized professional or scientific field as compared with the other established professional fields with their widely-recognized independent colleges of law, medicine, engineering, business administration, education, and even theology. There are five million governmental employees in the United States, and although only a minority of these engage in the substantial duties of managerial or administrative responsibility, the number of public administrators is certainly larger than the number of lawyers, doctors, engineers, teachers, or ministers, and is tending to become as large as the number of the nation's business managers. Yet a comparison of university enrollment in public administration with business administration or the other professional pursuits will demonstrate the less extensive public and professional esteem accorded this type of training. Although this lack of appreciation does not necessarily reflect upon the social or scientific significance of the field, many students of public administration who are trying accurately to assess the educational future of this phase of administrative education were not surprised when Louis Brownlow, at the founding of the School of Public Administration at the University of Puerto Rico in 1945, stated: "Public Administration, in my opinion, is one of the most important things in the world; but it has little sex appeal." <sup>30</sup> Brownlow meant to imply what every enthusiastic college student of public administration sooner or later

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<sup>30</sup> Louis Brownlow: "The Art and Science of Public Administration." *Puerto Rico and Its Public Administration Program. Proceedings of the Public Administration Conference, October-November 1945*, p. 191. As early as 1941 the Legislature of Puerto Rico had created a "College of Public Administration."

learns namely, that when he announces at home that he has finally found the subject he wants to 'major in,' his family does not really know what he is talking about, and urges him to take something regular like law or medicine, engineering or business

## 5 TRAINING FOR BUSINESS ADMINISTRATION

If a nation's professional interest can be measured by the output of its colleges and universities, then the largest group of administratively trained persons in the United States by the middle of the twentieth century, were being educated in the field of commerce or business administration.<sup>31</sup> For a nation oriented toward business enterprise and industrial management, this development is not unexpected. The significance of this fact for the present and future of administration, as a profession which goes beyond business cannot be underestimated. In business administration the United States finds a major source of specialized training for a large number of graduates who eventually manage not only private enterprise but also public enterprise.

The program of education in business administration has developed over a long period, the span being represented by the following excerpts from (a) the prospectus of 1726 prepared by Thomas Watts a professor of mathematics, and (b) a report in 1945 prepared by the faculty of the Harvard Graduate School of Business Administration.

### (a) THOMAS WATTS

#### *An Essay on the Proper Method for Forming the Man of Business*<sup>32</sup>

I here present you with those Sentiments on the Subject of *Forming the Man of Business and Employment*

First, Whoever would be a Man of Business, must be a Man of Correspondence, and Correspondence can never be so commodiously, or at all to the Purpose maintained, as by the Use of the Pen. So that WRITING is the *First Step, and Essential* in furnishing out the Man of Business Plain Strong, and Neat Writing, as it best answers the Design for Use and Beauty, so it has most obtain'd among Men of Business, with

<sup>31</sup> The President's Commission on Higher Education 'Resource Data' sec. 5 H. G. Wright. *Eleventh Biennial Survey of Universities Offering Organized Courses in Commerce and Administration*. Chicago: Delta Sigma Pi, 1948.

<sup>32</sup> Thomas Watts. *An Essay on the Proper Method for Forming the Man of Business*. Adapted and reprinted by permission of Harvard University Graduate School of Business Administration. Copyright 1946 Harvard University Graduate School of Business Administration.

whom all affected Flourishes, and quaint Devices of Birds and Bull-Beggars, are as much avoided, as Capering and Cutting in ordinary Walking.

Secondly, The mutual Intercourse and Dependence of Mankind upon each other, from whence arises a Variety of Affairs for Computation, makes ARITHMETICK the next necessary Qualification for the Man of Business.

Thirdly, MERCHANTS ACCOUNTS is the third Qualification. The Unskill'd often confound this and Arithmetick together; insomuch that 'tis sometimes taken for Arithmetick; and so, he that is a good Arithmetican is erroneously judg'd a good Book-Keeper: But Book-Keeping is a distinct Art; and is the Business of Reason to determine the just and proper Debtors and Creditors; of Art to methodize our Results, and of Arithmetick, only to answer the several Questions of Computation arising. The Italian Method of Book-keeping by Double Entry, as now practis'd by you Gentlemen of Commerce, may truly be allow'd to comprehend all Excellencies in Accounting. And I'm persuaded, if this Method was follow'd, and each Professor qualify'd to perform it, we should not find so many Youths on their first Entrance on Business so much Strangers to it; but the Instructing Compting-House might produce as accomplish'd Clerks as the Merchants or Publick Offices, provided the same Application was made use of.

Fourthly, The several Parts of the MATHEMATICKS are of that extensive Use and Benefit to Mankind, that hardly any thing is to be done without them; Consequently the Man of Business can have no small Share in these Sciences: Country Gentlemen, Stewards of Estates, and all concern'd in Land, Building, or Farming, should by all Means understand Surveying and Measuring; and indeed, for the Nobleman, or Gentleman's Steward, these Parts of the Mathematicks seem to be Essential Qualifications. I shall only just mention the peculiar Excellency of two Parts more, as Accomplishments worthy the prime Man of Business, the Merchant; that is, GEOGRAPHY and NAVIGATION.

Fifthly, To accomplish the Man of Business, 'tis requisite he should be Master of the Propriety of Expression, and yet, according to the common Method of fitting Young Gentlemen for Business, a Style in Writing is what they seldom or never hear of; and the Masters generally take themselves to be no farther concern'd, than that their Scholars should write a fair Hand, without considering how monstrous and ridiculous their Conceptions may appear.

And now I am shewing how necessary for the carrying on Business happily, a proper Style is; let me not part with my Charge, till I recommend to him the Knowledge of the Modern Languages. But, to shorten my Young Gentleman's Pains, 'twill be sufficient for him to make himself Master of the FRENCH TONGUE; which will answer in a great Measure for the rest. For, at present, it seems to be the Universal Language.

But, Sir, I forget that there's nothing requir'd to Form the Man



of Business but what may be learnt with greater Advantage from your Practice, than from anything I can offer Only pardon me, Sir, whilst I observe, that tho' my Young Gentleman should be furnish'd with all these Qualifications I have instanc'd in, he s still deficient in the main Article, if he has not imbib'd the Knowledge of RELIGION and GOOD MANNERS along with 'em

## (b) HARVARD GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

### "Objectives and General Provisions"<sup>23</sup>

The Master of Business Administration Program [of the Harvard Graduate School of Business Administration] could have been prepared only if all concerned had constantly kept in mind the objectives of the School and had been in substantial agreement on the skills and training at which we aim The objectives used were not very different from those presented for discussion by the former Subcommittee on Objectives

- (1) Ability to analyze business situations, recognize problems and determine issues, seek pertinent facts, develop alternatives and reach reasoned decisions
- (2) Ability to organize
- (3) Ability in oral and written communication
- (4) Ability to deal with people
- (5) Ability to select and train subordinates
- (6) Ability to use figures effectively for administrative purposes
- (7) Ability to establish standards and to control and judge performance
- (8) Ability to execute effectively selected operating tasks, including those involving severe time pressures
- (9) Considerable knowledge of business techniques in one or more areas
- (10) Acquaintance with sources of business information
- (11) Understanding of the general framework of business relationships, functional and institutional
- (12) Understanding of the useful generalizations of political economy and ability to develop at least the beginnings of an integrated social and economic philosophy
- (13) Understanding of ethical considerations as an integral part of business administration and ability to develop an integrated set of ethical concepts for personal guidance in administration
- (14) A spirit of vigorous and courageous enterprise

<sup>23</sup> Harvard Graduate School of Business Administration "Objectives and General Provisions" Donald K. David "The Objectives of Professional Education" *Education for Professional Responsibility: Report of Proceedings of the Inter Professions Conference* Buck Hill Falls, Pennsylvania, April 12, 1948. Selected from pp. 9-11. Reprinted by permission of Carnegie Press. Copyright 1948 Carnegie Press.

The Master of Business Administration Program now proposed represents a real shift of emphasis. As compared with the prewar curriculum, more emphasis is placed upon getting action through human beings, tasks and duties of operating executives, and public responsibilities of enterprise. Throughout the committee discussions much use was made of such concepts or slogans as managerial control, communication, administration, carrying out of policy, *how-to-do-it*, *sizing up the situation*, enterprise, the role of the administrator in the community, recognizing social change, raising the level of professional education in business, and raising the professional standards of businessmen.

Such are the types of skill desired for other fields of administration, including government.<sup>34</sup> While this fact will be readily recognized by the reader of this book on general administration, it raises an interesting question concerning the system of administering, *organizing* and *managing administrative education*. For example, the Harvard Graduate School of Public Administration was established in order to provide "a broad fundamental training in economics and government rather than a narrower and more specialized training in what might be called public administration *per se*."<sup>35</sup> True to this purpose, the Harvard courses and seminars on public administration have centered around such questions as business regulation and public finance. Similarly, Robert D. Calkins, the former Dean of the College of Commerce at the University of California and of the School of Business at Columbia University, advocated in 1948 "truly professional schools of administration intent on preparing men not for business alone, but instead for the administration or management of economic affairs through whatever agencies these affairs are to be conducted."<sup>36</sup> Thus schools of public administration are interested in business administration, and schools of business administration become interested in training public administrators. Of more than 150 universities with separate commerce schools or organized curricula in business administration, many offer major fields of concentration in public administration, and some offer either bachelor's or master's degrees in that field. Indeed, independent but combined schools of "Business and Public Administration"<sup>37</sup> are developing throughout the country.

<sup>34</sup> See "Training for Municipal Administration." Report of the Committee of International City Managers' Association, 1936.

<sup>35</sup> Harvard Graduate School of Public Administration: "Annual Report," 1945-46, p. 1.

<sup>36</sup> Robert D. Calkins: "Aims of Business Education." *Education for Professional Responsibility*, p. 48. See also "A Challenge to Business Education." *Harvard Business Review*, Winter 1944, vol. 23, pp. 174-186.

<sup>37</sup> Cornell University: "School of Business and Public Administration," January 1, 1948.

This combination of educational facilities for business and governmental administration is not new in America. When the Wharton School of Finance and Economy at the University of Pennsylvania was established in 1881 as the first collegiate school of business in the United States, it was designed to provide "special means of training and of correct instruction in the knowledge and in the arts of modern Finance and Economy, both public and private."<sup>35</sup> Since then the Wharton School has continued to show an interest in training for public administration. The second school of business, that of the University of Chicago, established in 1898, was more boldly entitled the "College of Commerce and Politics" and its program covered such fields of public administration as "the consular service."<sup>36</sup>

Perhaps the educational and ideological cleavages that have developed between business and government in the United States would have been fewer had this original trend continued. In any event, the task of administrative training in all categories is still a challenge to specialized professional schools and mixed institutions of learning. When one realizes that even in this field educational facilities may still be inadequate, as measured by the burden of professional college enrollments, the unfulfilled load of formal college training for administration is overwhelming. While some forty per cent of American college graduates were entering business after World War II, less than ten per cent had any educational preparation in that field beyond a course or two in economics.<sup>37</sup> The President's Commission on Higher Education predicted in 1947 "The administrative occupations in which 3,700,000 were employed in 1940, are expected to require between 5,300,000 and 5,800,000 by 1960."<sup>38</sup> "Whatever the specialized professional point of view may be, whether it is business management or public administration or industrial management, it seems clear that the formal education of American administrators is a major task of the twentieth century.

## 6 INTRINSIC QUALITIES OF ADMINISTRATORS

From the educational viewpoint, the main question is not one of quantity but rather the quality of teaching and learning, first with

<sup>35</sup> The Wharton School *Its First Fifty Years, 1881-1931* Philadelphia 1931, p. 8.

<sup>36</sup> Leon C. Marshall "The College of Commerce and Administration of the University of Chicago" *Journal of Political Economy*, 1913, vol. 21, pp. 97-102.

<sup>37</sup> Society for the Advancement of Management Committee on Relations with Colleges and Universities "Managerial Education" *Modern Management*, November 1948 vol. 8 p. 20.

<sup>38</sup> President's Commission on Higher Education "Establishing the Goals" *Higher Education for American Democracy*, vol. 1, p. 76.

regard to the instructional methods used by teachers of administration and the intellectual achievements of their students, and secondly with regard to the content of the curriculum and the subject-matter of the courses. Despite all the discussions among educators concerning these questions, they do not fully agree as to what can be or should be imparted to students of administration. With all of the available courses covering the minute details of management, despite the rich experience of internship training, the promising experiments with courses emphasizing principles or theories, the stimulating use of the "case method" for training purposes, many of the educators responsible for teaching both business and public administration are modest about the results achieved in teaching administration.

Evaluation of results in the teaching of administration depends upon what qualities it is mainly intended to develop. Answers to this question have been offered in summary but incisive form by (a) Professor Dan Throop Smith of the Harvard Graduate School of Business Administration, and (b) Louis Brownlow, founder and first director of Public Administration Clearing House.

#### (a) DAN THROOP SMITH

##### "Education for Administration"<sup>42</sup>

It may be that the process of education can do no more than make a man aware of the need for making decisions and taking action, and of the advantages of doing so wisely and with good judgment. But even that, though it can be expressed in a sentence, is manifested in so many different ways that its full development and the appreciation of it may be a lengthy process. Can a formal educational process assist students to develop facility in making and implementing wise decisions in administrative matters? There are many aphorisms about the advantages of self-education, the dangers of the theorist with his learning and lack of common sense, and the value of experience as the best teacher. Certainly, it is difficult to match, with formal education, the wisdom that comes from experience. It may be noted, however, that experience may lead to a lack of mental flexibility in meeting new situations; an experienced but opinionated man is as ineffective as one with a formalized doctrinaire approach.

Though it is possible to develop various principles of administration by generalizing from particular cases, the resulting abstractions seem to have little significance. The process of administration involves action, requiring the application of any given principle in infinitely varying actual situations. In brief, administration is an art requiring skill, practice, and

<sup>42</sup> Dan Throop Smith: "Education for Administration." *Harvard Business Review*, Spring 1945, vol. 23, adapted from pp. 362-63, 368-70. Reprinted by permission.

judgment. However much it can be analyzed in the abstract, it becomes manifest only in specific concrete situations. In fact, the best administrators may have difficulty in relating their actions to explicit principles, the fully developed skill will most often lead to quasi-intuitive action without a conscious frame of reference or check list of points to be considered.

(b) LOUIS BROWNLOW

'What Is an Administrator?' <sup>43</sup>

I am going to give you for what it may be worth what I think are some of the qualifications a public administrator should have. I have tried to think of it in terms of personality, of training, of experience, and in none of those terms have I been able to discover what to me is a satisfactory answer. And no doubt the one thing that does satisfy my searching is susceptible of being termed as an oversimplification, but as I have looked about for administrators over a quarter of a century, I think I have discovered one thing that characterizes those that have been successful in many administrative positions of different types. It characterizes those that have been successful so far as their administrative work is concerned in the position of Presidents of the United States and Governors of states and Mayors of cities. It characterizes equally those that have been successful as the head of a finance department, the head of a unit of the health department, the head of a minor division in the police department, and the foreman of a garbage collecting gang. That is, to be a successful administrator one must have a catholic curiosity.

The successful public administrator is curious about everything. Perhaps you don't see just why it is that a public administrator should go about continually asking questions of everything and everybody about him. Well, let us take one functional phase of public administration in a municipal government.

One of the best administrators that I ever knew had a great curiosity about garbage. He was the head of the refuse disposal department of the District of Columbia. He asked all sorts of questions of the garbage cans and the ash cans and trash barrels, because in that city we imposed upon the householders a three-way system of refuse removal. You couldn't put your trash and your garbage and your ashes all in one container, you had to have three containers, and also, at that particular time, the collectors were divided into three different crews. So this man with this curiosity made a study of what he found in the rubbish cans, and the results of that study were plotted on a map, and as the result of the study of that map the routings were rearranged, the whole system of garbage collection was rearranged, not only of collection, but of disposal.

<sup>43</sup> Louis Brownlow, 'What Is an Administrator?' Remarks at Graduate Political Science Club of the University of Chicago, January 23, 1936. Selected from pp. 6-7, 12.

And what [else] did we discover? We discovered that it was exceedingly profitable to get garbage from large parts of the town; that garbage was rich in grease and in sugar. And we took it to the reduction plant and we turned that grease into a very acceptable and delightful non-odorous product which you a little later bought in the form of soap.

Another thing, it seems to me, is a by-product of this catholic curiosity, that is the ability to loaf. You can't be an administrator, a good successful administrator, and not know how to loaf. Because if you are industrious all the time and tend to your job, there is always more work than you can possibly do in a day, and if you tend to that job all the time you will be going right on in a routine, you will become more and more specialized, you will become more and more analytical, you will become more and more interested in what you are particularly charged with doing, and progressively less and less generalized in your outlook, less and less interested in what the other fellow is doing. And the only way you can compensate for that, of course, is to loaf, to loaf whole-heartedly whenever and wherever possible, and with whomever, because the only way that you can find out what are the questions in the minds of these people you have got to loaf with them to find out the truth about how they feel.

Now, of course, you can't loaf with all the individuals, but you have to loaf with a great many of them, and you have to know how to do it, and you know you won't like to do it unless you have a catholic curiosity, not only about things that I've been talking about, but about persons.



The essential aptitudes of the administrator can be summarized in other ways. Herbert Emmerich, for example, lists first, the ability to direct staff effectively and, second, the ability to command consent and secure agreement. The objection may properly be raised that all of these are innate characteristics rather than acquired. Can they therefore be transmitted or strengthened by formal education? In answer to this question, one university frankly informed its prospective students: "It should be emphasized that no training program will produce a finished administrator. In an important measure, administration is an art that can be learned only in years of practical experience. But it has been demonstrated in this field as in so many others that education . . . will make one more adept in the practice of the art and will shorten the road to the goal of competency."<sup>44</sup> Few educators of the other established professions would claim more for the schooling, no matter how elaborate, offered in their respective fields.

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<sup>44</sup> Syracuse University Bulletin: "Graduate Courses in Public Administration," September 15, 1947, p. 5.

## 7 ADMINISTRATION AND THE SOCIAL SCIENCES

Just as the humanities have been historically regarded as fit subjects for the broad training of administrators, so a more recent interest has developed in the social sciences—political science, economics, sociology (including social statistics), and psychology. Some educators rate administration itself as a social science even though they admit that it draws heavily on the content of other fields.<sup>45</sup> Many educators are skeptical about making a social science out of administration or employing the already recognized social sciences for the training of administrators. The problem here is basic, since even some "social scientists" hesitate to regard social science as scientific. Jacob Viner, Professor of Economics at Princeton University, has stated that "no one knows better than the occupants of the social science chairs that their discipline is so fallible and erratic that to persist in the term scientific is an open invitation to ridicule."<sup>46</sup> Other economists are more hopeful.<sup>47</sup> It is a significant reflection of the national state of mind on this point that the President's Scientific Research Board, reporting in 1947, excluded social science from its national survey because there were "no firm boundaries to knowledge, no airtight compartments which can contain it", although the Board did recognize the existence and the significance of individual social sciences.<sup>48</sup>

Among the leading educators who have persisted in regarding administration as a social science have been Charles A. Beard, who had been Director of the New York Training School for Public Service; and Wallace B. Donham,<sup>49</sup> Dean of the Harvard Graduate School of Business Administration.

## (a) CHARLES A. BEARD

"Philosophy, Science and Art of Public Administration"<sup>50</sup>

The word science of administration has been used. There are many who object to the term. Now if by science is meant a conceptual

<sup>45</sup> Herbert A. Simon, "A Comment on the 'Science of Public Administration,'" *Public Administration Review*, Winter 1947, vol. 7, pp. 201-03. See also Alexander Leighton, *The Governing of Men* (Princeton: Princeton University Press, 1945), p. 5.

<sup>46</sup> See also Morris R. Cohen, "Scientific Method," *Encyclopedia of the Social Sciences*, 1937, vol. 5, pp. 389-95.

<sup>47</sup> Stuart Chase, *The Proper Study of Mankind* (New York: Harper & Brothers, 1948).

<sup>48</sup> "A Program for the Nation," *Science and Public Policy*, Vol. 1, p. viii.

<sup>49</sup> See also Wallace B. Donham, *Education for Responsible Living* (Cambridge: Harvard University Press, 1945).

<sup>50</sup> Charles A. Beard, "Philosophy, Science and Art of Public Administration," Selected from an address delivered before The Annual Conference of the Governmental Research Association, Princeton, New Jersey, September 8, 1939.

scheme of things in which every particularity covered may be assigned a mathematical value, then administration is not a science. In this sense only astro-physics may be called a science and it is well to remember that mechanical laws of the heavens tell us nothing about the color and composition of the stars and as yet cannot account for some of the disturbances and explosions which seem accidental. If, on the other hand, we may rightly use the term science in connection with a body of exact knowledge, derived from experience and observation, and a body of rules or axioms which experience has demonstrated to be applicable in concrete practice, and to work out in practice approximately as forecast, then we may, if we please, appropriately and for convenience, speak of a science of administration. Once, when the great French mathematician, Poincare, was asked whether Euclidean geometry is true, he replied that the question had no sense but that Euclidean geometry is and still remains the most convenient. The Oxford English Dictionary tells us that a science is, among other things, a particular branch of knowledge or study; a recognized department of learning.

The administrator is more like the engineer who constructs a power plant, that is, he is concerned with the realization of conscious human purposes by the conscious use of human beings and materials. It is true that the mere student of administration may be just an observer, but he does not merely observe natural, unconscious, and automatic operations. He observes the formulation of human purposes, consciously and deliberately, and operations designed to effect given results. And he sees calculations of results in advance realized later in practice with a high degree of approximation. The degree of approximation between advance calculations and results is not often, if ever, as exact as in the case of a hydro-electric plant, but it is constantly exact enough for practical purposes.

In other words, there are in administration things analogous to, if not identical with, the mechanical tracts or deterministic sequences of physics. If, for example, it is decided by government to accomplish the purpose of providing compensation at given rates for men and women employed in industry who sustain injuries in connection with their occupations, the administrator can, like the engineer, estimate in advance the probable cost of such a design, indicate the types of officers and employees necessary to administer the design, and the administrative procedures appropriate to the whole process from beginning to end. And, as in the case of the hydro-electric engineer, the administrator, later sees the results of his operations and can compare them with his advance estimates. There are more variables and incalculables in human affairs than in hydro-electric affairs, but even so administration achieves pre-determined results with an approximation which is often amazing for its exactness. If administrative designs and estimates were not realized in practice with a high degree of exactness, both industry and government would collapse.

And if the experience of natural science is any guide, then as the



science of administration advances, we may reasonably expect it to take on an increasingly deterministic character. As research, scientific societies, and the exchanges of knowledge and hypotheses by natural scientists have advanced the exactness of knowledge in the domain of natural science, so we may expect research, administrative societies, and the exchanges among administrators to advance the exactness of knowledge in the domain of administration.

Already, we may truly say, we have an enormous body of exact and usable knowledge in the domain of administration. It would be easy to list thousands of volumes and articles on the subject, from the hands of high competence. I have seen this body of literature grow from a few items in 1898 to an enormous mass in 1939. During this period I have seen the number of research workers increase from a mere handful to hundreds. This is a fact also, at least for informed and competent persons. During this period the opportunities for life work in administration have multiplied many times. I dare say, though I shall not try to prove it, that the body of exact literature in administration is many times larger than the body of exact literature in natural science when Bacon, Galileo, and Newton began the revolution in natural science three hundred years ago. During this same period I have seen the number of societies and organizations among administrators, local and general, increase from nothing to fifty or sixty.

This body of administrative literature can be taught to young men and women, perhaps also to the aged, if they are not hopeless. And it is possible by tests to discover whether or how far the process of communicating and imparting administrative knowledge has been successful, [although] not precisely in all cases. Moreover, and this is highly important, young men and women who have more or less mastered the principles, maxims, and axioms of administrative science can now, by what is called in training, fortify their formal knowledge by living experiences in and with administration. There is, then, a science of administration, in the sense in which I have used the term, and it can be taught, learned, and used.

#### (b) WALLACE B. DONHAM

##### "The Theory and Practice of Administration"<sup>51</sup>

In the social sciences there has been a serious gap, except where administration is involved, between the theorist and the man who must act. As a result our social science theory continues to be detached from reality. There is great need for a new social science, namely, the Science of Administration, where social theory and action must meet. Administration as conceived in this paper is, therefore, a social science with its own

<sup>51</sup> Wallace B. Donham "The Theory and Practice of Administration" *Harvard Business Review*, vol. 14, Summer 1936, selected from p. 409. Reprinted by permission.

techniques, its own abstractions clustering around the concept of action through human organizations, and its own problems of theory. It is vitally concerned in integrating other sciences, physical, biological, psychological, and social, at the point where action is involved. Its social importance is great. Indeed, if our civilization breaks down, it will be mainly a breakdown of administration, both private and public.

(C) WALLACE B. DONHAM

"Training for Leadership in a Democracy"<sup>52</sup>

At this point water-tight compartments of university specialization and theories founded on the selected isolation of facts easily break down. Specialized thinking is rarely a sufficient foundation for concrete decisions involving action. The social scientist cannot often form sound administrative judgments solely on the basis of elements which he has picked out simply because they relate directly to his particular specialty. The present emphasis on artificial subdivisions of knowledge and on specialized thinking and teaching in universities, technical schools, and colleges and the relative neglect of administrative problems involving action have a dangerously narrowing effect on graduates of these institutions. While we may and frequently do arouse the intellectual interest of students in a considerable variety of subjects intimately related to the civilization of which they are a part, we pay almost no attention to the web of cross ties among these subjects.

As a result our graduates leave us without having formed the habit of seeking wide generalizations related to diverse variables in the social situations which surround them. Because they lack both habits and methods which lead them to seek generalizations, they become, after they leave us, specialists themselves and make decisions without the guides to action within their special fields which wider viewpoints might give. To develop them as we must, the artificial dividing lines between social sciences must in large measure be broken down. Specialized training must be both counteracted and supplemented by training which brings in the widest social implications. Otherwise men will not be trained to meet the problems faced by public and private administrators.

The only way these things can be attempted in our universities without resulting in a vast amount of sheer unrealistic sentimentality is, I believe, by paying more attention to the great intellectual field of administration.

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On its own merits as a field of knowledge, administration is thus classified by Charles Beard as a social science. Dean Donham also urges the recognition of administration as a social science, since this

⁵² Wallace B. Donham: "Training for Leadership in a Democracy." *Harvard Business Review*, vol. 14, Spring 1936, adapted from pp. 268-270. Reprinted by permission.

acceptance might help to integrate the other social science. Like Brooks Adams, he believes that "if our civilization breaks down, it will be mainly a breakdown of administration."

This emphasis upon the social sciences in the United States appears to be a stronger current than the earlier interest in the classics and the humanities as a preparation for administrative responsibility. However, the two strains were closely related. The educators who attended the Princeton Conference on University Education for the Public Service in 1946 disagreed about "the precise role of the humanities and the social sciences", but the predominant view seemed to be that the education of administrators "must include the social sciences, which, however, are not yet completely satisfactory as a vehicle for general education and cannot entirely replace the classical training." In any case, they too were impressed with "the need for generalists and for broad general training" as a means of answering "the universal demand for a synthesizing ability that is desperately needed if man, his world and his civilization are to survive."⁵³

8 THE POSITION OF ADMINISTRATION AMONG THE SCIENCES

Administration may possess scientific qualities, but does it have a sufficiently coherent body of knowledge to justify recognition as an independent discipline which may stand side by side with the major sciences? This issue constitutes in itself a technical problem in epistemology. However, the student of administration who wishes to establish his field of study as a scientific discipline or as a recognized profession will soon wish to inquire into this question. The broad answer seems to be that few epistemologists or philosophers consider administration as worthy of recognition as a separate science.

Professor Glenn Negley of Duke University is an exception. Regarding all of the sciences not as airtight compartments or subject matter categories but rather as methods and techniques to help integrate the knowledge and experience of the world around us, Professor Negley considers administration a legitimate science of ranking importance in the total organization of knowledge.

GLENN NEGLEY

The Organization of Knowledge⁵⁴

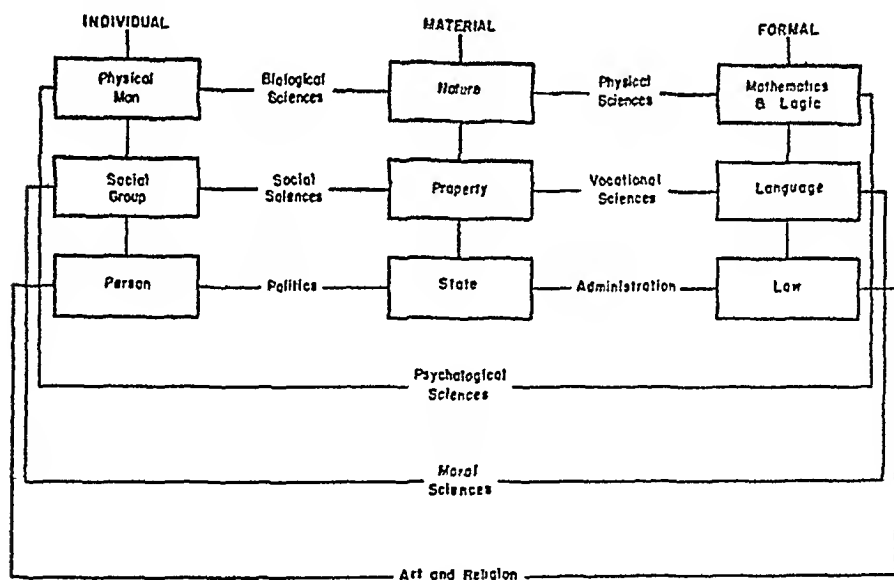
Administration is an activity which demands correct analysis and accurate orientation with relation to other sciences. To analyze and

⁵³ See n. 29, *supra*, p. 26.

⁵⁴ Glenn Negley, *The Organization of Knowledge*. Adapted with the assistance of the author from pp. 6-11, 43-49, 149, 153, 158-159, 187-188. Reprinted by permission of Prentice Hall, Inc. Copyright, 1942, Prentice Hall, Inc.

through analysis to understand and through understanding to make possible the final fruition of rational and creative action—this is the highest end which man can conceive for himself. The primary problem of rational activity is one of method, of organization. If society is to be ordered intelligently, the intelligence which is to serve as the ground of order cannot itself be without organization. Our knowledge must have some order, some method, or its application in ordering activity will be haphazard. It is often said that "man's reach exceeds his grasp"; but in regard to the knowledge contributed by research and analysis, it seems at present rather more appropriate to say that man's grasp greatly exceeds his reach. The pressing problem for most of us is not so much the acquisition of more knowledge as the more adequate employment and organization of the knowledge we already have.

Any pattern of analysis or any system of categories for the classification of knowledge is simply a suggestion for the arrangement of the data of experience. An analysis of this experience can be made in terms of certain points-of-view, categories and sciences (including Administration) as shown on the following chart:



A pattern of analysis requires, first of all, a determination of the point-of-view which will be fruitful in making the analysis. The possible points-of-view seem to be three: (1) the individual who is facing the problem being solved or analyzed, (2) the material world in which the individual is functioning, and (3) the methods or the formal system of tools and procedures available in working with the material world.

Another element of analysis is the category under each point-of-view; not the traditional category like quantity and quality but categories that can be utilized under each point of view in the effort to exert control

over experience and action Under the first or individual point-of view, there are (1) the physical man, (2) the social group, and (3) the social personality or person Under the second or material point-of view, there are (1) the objects of nature, (2) the institution of property, and (3) the State And third, among the procedural methods or formal tools available are (1) mathematics or logic, (2) language, and (3) law A final element of analysis in addition to the point-of view and the category, is the scientific framework in which we decide to organize our experience and data

It seems that the best method of utilizing the sciences for purposes of analysis—and this would include the science of Administration—is to conceive of them as concentrating upon the relations existing between categories rather than as describing particular categories themselves The various sciences or fields of investigation are not distinguished because they investigate different kinds of facts or subject matter, they differ because they have developed a specialized technique for observing different aspects of the same subject matter A rock is an adequate subject of observation for any science whatsoever What geology does, for example, is to restrict its observations to certain aspects of the rock, economics may look at the rock from another point-of view, chemistry from still another, and so on through the entire range of science Geology cannot break from the rock a fragment which is of geological interest only; the sciences are distinguished according to the viewpoint taken by each in observing the rock, not by a specific difference in content in the rock.

The most comprehensive analysis of any subject matter will attempt to coordinate *all that is said about the subject matter by all sciences* The most comprehensive category of each point-of view is an integrating concept of the Individual, the Material or the Formal, and categories of Person, State and Law are the terms in which our analysis of the problem of experience can finally become formulated It is apparent that the most comprehensive concept of relations between the material and formal points-of view will include both the Physical and the Vocational Sciences The coordination of these two functions is what we ordinarily mean by control Control is in general the area in which an emphasis is made upon the attainments of order or Law in the State when State is the organization of institution Another term which is more specific is Administration and I think we may say that the final function in relating the Material and Formal is the science of Administration

Administration is, then the area of activity which emphasizes the maintenance of control, a problem which arises mainly in terms of relating the Formal and Material points of view in experience The administrator is one who maintains the relation between the categories of Law and the State In specific terms, this would describe the duties of executive and judiciary within our system of government But this is only the more restricted, or perhaps more formal, sense of Administration It is apparent that the most important element of Administration is the adjustment to vocational and industrial functions, of distribution and consumption,

which are the instruments of whatever order may be given to the Material aspect of experience. These are the activities and functions which the executive and the judge must reduce to order. Thus, we do not expect the administrator to act with the remarkable precision of the physical scientist, nor yet maintain the degree of agreement brought about by the vocational scientist; but we must demand that his activity be directed toward the maintenance of order in relation to material institutions. This order will take the form of Law.

This reasoning, of course, suggests that the customary distinctions between administrative, executive and adjudicative functions are distinctions of degree rather than of kind. Here we have considered them together under the general science of Administration. More specifically, the executive function might be described in terms of direction and coordination of Administration. The function of the executive branch of government is literally the basis of order in the State, and order is made possible by the various administrative agencies which alone can control the material process of experience.

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American theorists of administration like Dwight Waldo have also characterized administrators as "specialists in generalization."⁵⁵ British philosophers of management like Oliver Sheldon have likewise pointed out that management, as "the coordination, organization, and direction of sciences, is itself a science."⁵⁶ But Glenn Negley is the rare philosopher of knowledge who has with equal conviction elevated the study of administration to the highest position in the scientific hierarchy.

SUMMARY

The study of administration, insofar as it can be taught and learned, represents a long-standing field of knowledge which is increasingly being regarded as a professional discipline. If administration is not always conceded to be a science in its own right, still it has many of the elements of the recognized sciences and established professions.

The feasibility of making an independent discipline, scientific or professional, out of administration is not only a question of educational theory, but also an intensely practical question of how to organize knowledge in the modern world. From this point of view the main problem is not whether training for administration should emphasize classical subjects or social sciences, or whether administration

⁵⁵ Waldo: *The Administrative State*, p. 102.

⁵⁶ Sheldon: *The Philosophy of Management*, pp. 49-50.

itself should be regarded as a social science, or what precise subject matter should be injected into courses in administration, but rather where to locate administration in the educational system, in short, how to organize, how to manage, how to administer the training system for administration itself

From the standpoint of our universities, the main problem seems to be that administration as a general subject has as yet acquired no position, no 'school' or 'college' within the university structure. The situation is different with medicine and engineering, teaching and theology, law and business, which have their independent colleges attracting large enrollments. Should the subject of administration be entrusted to one of these schools such as the engineering schools, the law schools, or the schools of business administration, which have in the past shown an interest in administrative studies? In part, this practice is already being followed, since so many members of these professions assume administrative responsibility in society. However, a significant minority of students is training for government or public administration, and we have only a few separate schools or colleges operating under the name of 'Public Administration'. Most of the work in public administration is carried on in the departments of government or political science within the general 'liberal arts' divisions or colleges of the universities. To establish more securely the educational, scientific, and professional status first of public administration and finally of administration generally is the main task now facing the study of administration.

Many students of administration argue in favor of the continuation of the present scheme. The desirability of studying a responsible discipline like public administration or even private management in a broad setting of the sciences and humanities, rather than in the more narrow framework of a single profession, appeals to many informed laymen as well as experts. Another consideration is the fear that one becomes overspecialized and biased by technical knowledge which may be better acquired, if it can be acquired at all, on the job, in an internship or an in-service capacity. The opposite danger of theoretical studies in the non-technical curriculum is counterbalanced by the salutary influence of making general courses in administration available not only to future administrators and managers but also to students concentrating on other pursuits. All citizens should be given some appreciation of the importance of administration as one of the high skills required for the survival of modern civilization. Above all, the more general training avoids the risk of producing too many 'bureaucrats' suffering from the 'trained incapacity' criticized by Thorstein Veblen, or more technicians of the kind regarded by A. J.

Toynbee as morally irresponsible, though "negatively responsible," "monsters become masters."

Thus we comprehend the main risk of which the practitioners of administration must beware. Their very professional perfection may intensify the atomism and specialism of modern life. On the other hand, by subscribing to humanitarian principles and sound values, they can become one of the most cohesive forces of modern civilization.

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